

**DIALOG AXIATA PLC AND ITS SUBSIDIARIES**

**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2012**



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

1 We have reviewed the accompanying statements of financial position of Dialog Axiata PLC and its subsidiaries at 31 March 2012, and the related statements of comprehensive income and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

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

3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Sri Lanka Accounting Standard LKAS 34, Interim Financial Reporting.

9 May 2012  
COLOMBO

PricewaterhouseCoopers  
CHARTERED ACCOUNTANTS

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# DIALOG AXIATA PLC AND ITS SUBSIDIARIES

## Statements of financial position

(all amounts in Sri Lankan Rupees thousands)

	As at 31 March 2012		As at 31 December 2011		As at 1 January 2011	
	Group	Company	Group	Company	Group	Company
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	53,678,473	40,729,043	51,131,257	41,212,795	53,014,351	44,348,523
Intangible assets	8,931,765	1,537,727	3,869,456	1,619,582	3,757,193	1,397,140
Investments in subsidiaries	Nil	10,326,010	Nil	10,326,010	Nil	10,326,010
Investment in associate	45,839	27,742	45,108	27,742	Nil	Nil
Available-for-sale financial asset	30,596	30,596	30,596	30,596	30,596	30,596
Amount due from related companies	10,651	14,561,655	11,545	14,007,435	17,717	8,789,709
	62,697,324	67,212,773	55,087,962	67,224,160	56,819,857	64,891,978
<b>Current assets</b>						
Inventories	571,972	417,147	405,439	395,515	271,184	266,159
Trade and other receivables	11,806,774	9,268,976	10,281,499	9,023,403	9,634,899	8,077,488
Cash and cash equivalents	6,742,883	5,698,509	10,452,379	6,900,163	5,433,770	5,079,135
	19,121,629	15,384,632	21,139,317	16,319,081	15,339,853	13,422,782
<b>Total assets</b>	<b>81,818,953</b>	<b>82,597,405</b>	<b>76,227,279</b>	<b>83,543,241</b>	<b>72,159,710</b>	<b>78,314,760</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to equity holders</b>						
Stated capital	28,056,113	28,056,113	28,056,113	28,056,113	28,056,113	28,056,113
Shares in ESOS trust	(1,990,921)	(1,990,921)	(1,990,921)	(1,990,921)	(1,990,921)	(1,990,921)
Dividend reserve - ESOS	291,781	291,781	291,781	291,781	260,067	260,067
Revaluation reserve	127,423	92,808	128,469	93,798	131,713	96,820
Retained earnings	6,137,782	15,302,282	6,667,641	15,707,887	3,403,842	11,491,993
<b>Total equity</b>	<b>32,622,178</b>	<b>41,752,063</b>	<b>33,153,083</b>	<b>42,158,658</b>	<b>29,860,814</b>	<b>37,914,072</b>
<b>LIABILITIES</b>						
<b>Non - current liabilities</b>						
Borrowings	17,610,138	17,608,091	17,017,956	17,017,956	20,671,877	20,671,877
Deferred income tax liabilities	2,148,590	2,148,590	2,013,771	2,013,771	1,612,510	1,612,510
Retirement benefit obligations	559,616	422,560	443,731	403,482	390,635	358,854
Provision for other liabilities	721,268	584,540	586,660	574,054	619,876	607,794
Deferred revenue	1,158,602	1,007,131	1,056,654	1,055,174	285,766	285,766
	22,198,214	21,770,912	21,118,772	21,064,437	23,580,664	23,536,801
<b>Current liabilities</b>						
Trade and other payables	22,051,190	14,335,457	15,836,925	14,280,082	13,840,521	12,189,944
Current income tax liabilities	85,076	76,261	63,825	60,667	14,151	10,898
Borrowings	4,862,295	4,662,712	6,054,674	5,979,397	4,863,560	4,663,045
	26,998,561	19,074,430	21,955,424	20,320,146	18,718,232	16,863,887
<b>Total liabilities</b>	<b>49,196,775</b>	<b>40,845,342</b>	<b>43,074,196</b>	<b>41,384,583</b>	<b>42,298,896</b>	<b>40,400,688</b>
<b>Total equity and liabilities</b>	<b>81,818,953</b>	<b>82,597,405</b>	<b>76,227,279</b>	<b>83,543,241</b>	<b>72,159,710</b>	<b>78,314,760</b>
Net asset per share (Rs.)	4.01	5.13	4.07	5.18	3.67	4.66

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

Signed  
.....  
Group Chief Financial Officer

Date : 9th May 2012

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 : 9th May 2012

Signed  
.....  
**Director**  
Date : 9th May 2012

The notes on pages 7 to 18 form an integral part of these financial statements.

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Statements of comprehensive income

(all amounts in Sri Lankan Rupees thousands)

	Three months ended 31 March 2012		Three months ended 31 March 2011	
	Group	Company	Group	Company
Revenue	12,894,606	11,842,523	10,905,608	9,987,828
Direct costs	(7,207,090)	(6,440,062)	(6,331,581)	(5,632,632)
Gross margin	5,687,516	5,402,461	4,574,027	4,355,196
Other operating income	27,053	20,783	43,655	42,590
Administrative costs	(2,240,731)	(1,952,895)	(2,017,777)	(1,662,103)
Distribution costs	(1,633,789)	(1,516,076)	(1,474,889)	(1,398,763)
Operating profit	1,840,049	1,954,273	1,125,016	1,336,920
Net finance costs	(2,231,208)	(2,226,049)	(50,208)	(50,371)
Share of profit from associate (net of tax)	730	Nil	Nil	Nil
(Loss)/profit before tax	(390,429)	(271,776)	1,074,808	1,286,549
Tax	(140,476)	(134,819)	(56,966)	(56,683)
<b>(Loss)/profit for the period</b>	<b>(530,905)</b>	<b>(406,595)</b>	<b>1,017,842</b>	<b>1,229,866</b>
<b>Total comprehensive (expense)/income for the period</b>	<b>(530,905)</b>	<b>(406,595)</b>	<b>1,017,842</b>	<b>1,229,866</b>
<b>Attributable to:</b>				
Equity holders of the Company	(530,905)	(406,595)	1,017,842	1,229,866
Earnings per share attributable to the ordinary shareholders of the Company (expressed in Rs per share)				
- Basic	(0.27)	(0.20)	0.14	0.17
- Diluted	(0.27)	(0.20)	0.14	0.14

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

#### Group

	Stated capital	Shares in ESOS trust	Dividend reserve	Revaluation reserve	Retained earnings	Total
<b>Balance at 1 January 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>131,713</b>	<b>3,403,842</b>	<b>29,860,814</b>
Total comprehensive income for the period	Nil	Nil	Nil	Nil	1,017,842	1,017,842
Depreciation transfer	Nil	Nil	Nil	(965)	965	Nil
<b>Balance as at 31 March 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>130,748</b>	<b>4,422,649</b>	<b>30,878,656</b>
<b>Balance at 1 April 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>130,748</b>	<b>4,422,649</b>	<b>30,878,656</b>
Total comprehensive income for the period	Nil	Nil	Nil	Nil	3,870,647	3,870,647
Depreciation transfer	Nil	Nil	Nil	(3,101)	3,101	Nil
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	822	Nil	822
<b>Transactions with owners recorded directly in equity</b>						
Dividend received by ESOS	Nil	Nil	31,714	Nil	Nil	31,714
Dividend to ordinary shareholders	Nil	Nil	Nil	Nil	(1,628,756)	(1,628,756)
<b>Balance at 31 December 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>128,469</b>	<b>6,667,641</b>	<b>33,153,083</b>
<b>Balance at 1 January 2012</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>128,469</b>	<b>6,667,641</b>	<b>33,153,083</b>
Total comprehensive expense for the period	Nil	Nil	Nil	Nil	(530,905)	(530,905)
Depreciation transfer	Nil	Nil	Nil	(1,046)	1,046	Nil
<b>Balance at 31 March 2012</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>127,423</b>	<b>6,137,782</b>	<b>32,622,178</b>

The notes on page 7 to 18 form an integral part of these financial statements.

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Statement of changes in equity (Contd)

(all amounts in Sri Lanka Rupees Thousands)

#### Company

	Stated capital	Shares in ESOS trust	Dividend reserve	Revaluation reserve	Retained earnings	Total
<b>Balance at 1 January 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>96,820</b>	<b>11,491,993</b>	<b>37,914,072</b>
Total comprehensive income for the period	Nil	Nil	Nil	Nil	1,229,866	1,229,866
Depreciation transfer	Nil	Nil	Nil	(910)	910	Nil
<b>Balance at 31 March 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>95,910</b>	<b>12,722,769</b>	<b>39,143,938</b>
<b>Balance at 1 April 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>260,067</b>	<b>95,910</b>	<b>12,722,769</b>	<b>39,143,938</b>
Total comprehensive income for the period	Nil	Nil	Nil	Nil	4,610,940	4,610,940
Depreciation transfer	Nil	Nil	Nil	(2,934)	2,934	Nil
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	822	Nil	822
<b>Transactions with owners recorded directly in equity</b>						
Dividend received by ESOS	Nil	Nil	31,714	Nil	Nil	31,714
Dividend to ordinary shareholders	Nil	Nil	Nil	Nil	(1,628,756)	(1,628,756)
<b>Balance at 31 December 2011</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>93,798</b>	<b>15,707,887</b>	<b>42,158,658</b>
<b>Balance at 1 January 2012</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>93,798</b>	<b>15,707,887</b>	<b>42,158,658</b>
Total comprehensive expense for the period	Nil	Nil	Nil	Nil	(406,595)	(406,595)
Depreciation transfer	Nil	Nil	Nil	(990)	990	Nil
<b>Balance at 31 March 2012</b>	<b>28,056,113</b>	<b>(1,990,921)</b>	<b>291,781</b>	<b>92,808</b>	<b>15,302,282</b>	<b>41,752,063</b>

The notes on page 7 to 18 form an integral part of these financial statements.

# DIALOG AXIATA PLC AND ITS SUBSIDIARIES

## Cash flow statements

(all amounts in Sri Lankan Rupees thousands)

	Three months ended 31 March 2012		Three months ended 31 March 2011	
	Group	Company	Group	Company
<b>Cash flows from operating activities</b>				
Cash generated from operations	3,385,243	3,525,794	4,909,646	4,527,626
Interest received	126,643	95,753	19,918	18,750
Interest paid	(84,943)	(84,943)	(77,474)	(78,018)
Tax paid	(30,137)	(28,615)	(23,950)	(23,945)
Retirement benefit obligations paid	(6,586)	(6,347)	(2,187)	(2,187)
<b>Net cash generated from operating activities</b>	<b>3,390,220</b>	<b>3,501,642</b>	<b>4,825,953</b>	<b>4,442,226</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(1,695,425)	(1,320,382)	(2,510,915)	(2,004,851)
Investment in subsidiary, net of cash acquired	(2,789,073)	Nil	Nil	Nil
Amounts given to subsidiaries	Nil	(647,900)	Nil	(158,656)
Proceeds from sale of property, plant and	21,698	14,640	Nil	Nil
<b>Net cash used in investing activities</b>	<b>(4,462,800)</b>	<b>(1,953,642)</b>	<b>(2,510,915)</b>	<b>(2,163,507)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(2,353,271)	(2,353,271)	(4,963)	Nil
<b>Net cash used in financing activities</b>	<b>(2,353,271)</b>	<b>(2,353,271)</b>	<b>(4,963)</b>	<b>Nil</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,425,851)</b>	<b>(805,271)</b>	<b>2,310,075</b>	<b>2,278,719</b>
<b>Movement in cash and cash equivalents</b>				
At the start of period	9,406,074	5,929,136	4,475,861	4,314,219
(Decrease)/increase	(3,425,851)	(805,271)	2,310,075	2,278,719
Exchange losses on cash and cash equivalents	(120,450)	(120,450)	(7,245)	(7,245)
<b>At the end of period</b>	<b>5,859,773</b>	<b>5,003,415</b>	<b>6,778,691</b>	<b>6,585,693</b>

# DIALOG AXIATA PLC AND ITS SUBSIDIARIES

## Notes to the interim financial statements

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

### 1 General information

Dialog Axiata PLC (the "Company") and its subsidiaries (together "the Group") provide Communication (Mobile, Internet, International, Data and Backbone, Fixed wireless and Transmission infrastructure) and Media related services.

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

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

### 2 Basis of preparation

The condensed consolidated interim financial statements 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 annual financial statements for the year ended 31 December 2011, including the changes to accounting policies as a result of convergence to Sri Lanka Financial Reporting Standards ("SLFRSs").

These are the Group's first SLFRS condensed consolidated interim financial statements prepared in accordance with Sri Lanka Accounting Standard - SLFRS 1 *First-time Adoption of Sri Lanka Accounting Standards*. The effect of the transition to SLFRSs on previously reported financial position, financial performance and cash flows of the Group is provided in Note 4 to the financial statements.

### 3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below;

#### 3.1 Business combinations

Sri Lanka Accounting Standard - SLFRS 3 *Business Combinations*, requires the Group to apply the said standard to transactions and other events that meet the new definition of a business which is an integrated set of assets (inputs) and activities (processes) which are capable of being conducted and managed to provide a return, as opposed to a mere asset acquisition.

According to previous Sri Lanka Accounting Standards ("SLASs"), the Group capitalised the business acquisition related costs as a part of the investment. However, in accordance with SLFRSs, the business acquisition related costs are expensed as incurred.

#### 3.2 Financial instruments

As required by Sri Lanka Accounting Standard - LKAS 39 *Financial Instruments; Recognition and Measurements*, trade receivables, trade payables, bank borrowings, intercompany loans and redeemable preference shares are recognized as financial instruments. The initial and the subsequent measurement basis of the said financial instruments shall be the fair value and the amortized cost respectively. Provision for doubtful debtors is replaced with the impairment testing for trade receivables.

#### 3.3 Revenue Recognition

Sri Lanka Accounting Standard - LKAS 18 *Revenue*, requires the Group to measure revenue at fair value of the consideration received or receivable. It also specifies recognition criteria for revenue, and the Group applies such recognition criteria to separately identifiable components of a single transaction in order to reflect the substance of the transaction.

If the Group acts as the Principal on transaction arrangements, revenue is recognised on the gross basis. If the Group acts as the Agent revenue is recognized on the net basis. The Group shall be treated as the Principal if it;

- a) establishes the price and other terms of the service transaction,
- b) determines the nature of the content and specifications of the service and
- c) bears credit risk of the transaction.

The Group operates a customer loyalty programme known as "Star points", which is accounted in accordance with International Financial Reporting Interpretation Committee ("IFRIC") - IFRIC 13 *Customer Loyalty Programmes*.



## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements

#### 4 Explanation of transition to SLFRSs

The accounting policies set out in Note 3 have been applied in preparing the interim financial statements for the three months ended 31 March 2012 together with comparative information for the year ended 31 December 2011, three months ended 31 March 2011 and opening SLFRS statement of financial position as at 1 January 2011 being the transition date of SLFRSs for the Group.

In preparing SLFRS statement of financial position for previously reported financial periods, required adjustments have been made in accordance with respective SLFRSs. The effect of the transition from SLASs to SLFRSs has been presented in the reconciliation statements and accompanying notes to the reconciliations.

Set out below are the applicable exemptions and exceptions under SLFRS 1 applied by the Group in preparing the first condensed consolidated interim financial statements for the period ended 31 March 2012.

##### Exemptions

###### Optional exemptions which the Group has opted to apply

- Business combinations

SLFRS provides the option to apply SLFRS 3, 'Business combinations', prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply SLFRS 3 prospectively to business combinations occurring after its transition date. Accordingly, Business combinations occurring prior to the transition date have not been restated.

###### Optional exemptions which the Group has opted not to apply

- Fair value or revaluation amounts as deemed cost of property, plant and equipment and intangible assets
- Fair value or revaluation amounts as deemed cost of investments in subsidiaries, jointly controlled entities and associates

###### Optional exemptions not applicable to the Group:

- LKAS 23 ; Borrowing cost, as the policy adopted under SLAS 20 was aligned with LKAS 23
- SLFRS 2 ; Share-based payments, as such schemes are not vested as at the date of the transition to SLFRSs
- SLFRS 4 ; Insurance contracts, as this is not relevant to the Group's operations
- LKAS 21 ; Foreign operations, as the Group does not have any foreign operations as defined in LKAS 21
- IFRIC 4 ; Arrangements contains a lease, IFRIC 18; Transfer of assets from customers, as there are no such arrangements in the Group
- LKAS 19 ; Employee benefits, as the policy adopted under SLAS 16 was aligned with LKAS 19
- Assets and liabilities of subsidiaries and associate, as the subsidiaries and the associate in the Group have converged from SLASs to SLFRSs simultaneously with the Company
- Designation of previously recognized financial instruments under LKAS 39 Financial Instruments; Recognition and Measurements as available-for-sale or fair value through profit or loss before the Group's transition date, as Group has not designated any financial instrument either as available-for-sale or fair value through profit or loss before the Group's transition date
- IFRIC 1 ; Decommissioning liabilities included in the cost of property, plant and equipment, as the accounting treatment applied by the Group for changes in existing decommissioning liabilities are aligned with IFRIC 1
- IFRIC 12 ; Service concession arrangements, as the Group has not entered into arrangements within the scope of IFRIC 12
- IFRIC 19 ; Extinguishing financial liabilities with equity instruments, the Group does not have these types of financial instruments as at the date of transition
- LKAS 29 ; Financial reporting in hyperinflationary economies, as the Group does not operate in a hyperinflationary economy

##### Exceptions

###### Mandatory exceptions applicable to the Group

- Exception for estimates

SLFRS estimates as at 1 January 2011 are consistent with the estimates as at the same date made in conformity with SLASs

###### Mandatory exceptions not applicable to the Group

- Derecognition of financial assets and financial liabilities
- Hedge accounting
- Non-controlling interest

## Notes to the interim financial statements (Contd)

## 4.1 Reconciliations of SLAS to SLFRS

## 4.1.1 Reconciliation of shareholders equity

## a) Group

Note	Under SLAS 31 December 2011	Adjustments	Under SLFRS 31 December 2011	Under SLAS 31 March 2011	Adjustments	Under SLFRS 31 March 2011	Under SLAS 1 January 2011	Adjustments	Under SLFRS 1 January 2011
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	51,131,257	Nil	51,131,257	53,241,445	Nil	53,241,445	53,014,351	Nil	53,014,351
Intangible assets	3,869,456	Nil	3,869,456	3,672,439	Nil	3,672,439	3,757,193	Nil	3,757,193
Investments in subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investment in associate	a 37,100	8,008	45,108	Nil	Nil	Nil	Nil	Nil	Nil
Available-for-sale financial asset	d 30,596	Nil	30,596	30,596	Nil	30,596	30,596	Nil	30,596
Amount due from related companies	c 12,505	(960)	11,545	17,849	(1,666)	16,183	19,630	(1,913)	17,717
	55,080,914	7,048	55,087,962	56,962,329	(1,666)	56,960,663	56,821,770	(1,913)	56,819,857
<b>Current assets</b>									
Inventories	405,439	Nil	405,439	160,990	Nil	160,990	271,184	Nil	271,184
Trade and other receivables	c 10,282,047	(548)	10,281,499	10,618,163	(646)	10,617,517	9,635,566	(667)	9,634,899
Cash and cash equivalents	10,452,379	Nil	10,452,379	7,945,137	Nil	7,945,137	5,433,770	Nil	5,433,770
	21,139,865	(548)	21,139,317	18,724,290	(646)	18,723,644	15,340,520	(667)	15,339,853
<b>Total assets</b>	<b>76,220,779</b>	<b>6,500</b>	<b>76,227,279</b>	<b>75,686,619</b>	<b>(2,312)</b>	<b>75,684,307</b>	<b>72,162,290</b>	<b>(2,580)</b>	<b>72,159,710</b>
<b>EQUITY AND LIABILITIES</b>									
<b>Equity attributable to equity holders</b>									
Stated capital	28,056,113	Nil	28,056,113	28,056,113	Nil	28,056,113	28,056,113	Nil	28,056,113
Shares in ESOS trust	(1,990,921)	Nil	(1,990,921)	(1,990,921)	Nil	(1,990,921)	(1,990,921)	Nil	(1,990,921)
Dividend reserve - ESOS	291,781	Nil	291,781	260,067	Nil	260,067	260,067	Nil	260,067
Revaluation reserve	128,469	Nil	128,469	130,748	Nil	130,748	131,713	Nil	131,713
Retained earnings	e 6,233,535	434,106	6,667,641	3,765,186	657,463	4,422,649	2,656,318	747,524	3,403,842
	32,718,977	434,106	33,153,083	30,221,193	657,463	30,878,656	29,113,290	747,524	29,860,814
<b>Total equity</b>	<b>32,718,977</b>	<b>434,106</b>	<b>33,153,083</b>	<b>30,221,193</b>	<b>657,463</b>	<b>30,878,656</b>	<b>29,113,290</b>	<b>747,524</b>	<b>29,860,814</b>
<b>LIABILITIES</b>									
<b>Non - current liabilities</b>									
Borrowings	b 17,488,097	(470,141)	17,017,956	20,393,159	(634,822)	19,758,337	21,372,753	(700,876)	20,671,877
Deferred income tax liabilities	2,013,771	Nil	2,013,771	1,644,782	Nil	1,644,782	1,612,510	Nil	1,612,510
Retirement benefit obligations	443,731	Nil	443,731	413,878	Nil	413,878	390,635	Nil	390,635
Provision for other liabilities	586,660	Nil	586,660	635,159	Nil	635,159	619,876	Nil	619,876
Deferred revenue	1,056,654	Nil	1,056,654	269,613	Nil	269,613	285,766	Nil	285,766
	21,588,913	(470,141)	21,118,772	23,356,591	(634,822)	22,721,769	24,281,540	(700,876)	23,580,664
<b>Current liabilities</b>									
Trade and other payables	15,836,925	Nil	15,836,925	16,063,391	Nil	16,063,391	13,840,521	Nil	13,840,521
Current income tax liabilities	63,825	Nil	63,825	28,879	Nil	28,879	14,151	Nil	14,151
Borrowings	b 6,012,139	42,535	6,054,674	6,016,565	(24,953)	5,991,612	4,912,788	(49,228)	4,863,560
	21,912,889	42,535	21,955,424	22,108,835	(24,953)	22,083,882	18,767,460	(49,228)	18,718,232
<b>Total liabilities</b>	<b>43,501,802</b>	<b>(427,606)</b>	<b>43,074,196</b>	<b>45,465,426</b>	<b>(659,775)</b>	<b>44,805,651</b>	<b>43,049,000</b>	<b>(750,104)</b>	<b>42,298,896</b>
<b>Total equity and liabilities</b>	<b>76,220,779</b>	<b>6,500</b>	<b>76,227,279</b>	<b>75,686,619</b>	<b>(2,312)</b>	<b>75,684,307</b>	<b>72,162,290</b>	<b>(2,580)</b>	<b>72,159,710</b>

## Notes to the interim financial statements (Contd)

## 4.1.1 Reconciliation of shareholders equity

## b) Company

	Note	Under SLAS 31 December 2011	Adjustments	Under SLFRS 31 December 2011	Under SLAS 31 March 2011	Adjustments	Under SLFRS 31 March 2011	Under SLAS 1 January 2011	Adjustments	Under SLFRS 1 January 2011
<b>ASSETS</b>										
<b>Non-current assets</b>										
Property, plant and equipment		41,212,795	Nil	41,212,795	44,446,851	Nil	44,446,851	44,348,523	Nil	44,348,523
Intangible assets		1,619,582	Nil	1,619,582	1,341,689	Nil	1,341,689	1,397,140	Nil	1,397,140
Investments in subsidiaries		10,326,010	Nil	10,326,010	10,326,010	Nil	10,326,010	10,326,010	Nil	10,326,010
Investment in associate		27,742	Nil	27,742	Nil	Nil	Nil	Nil	Nil	Nil
Available-for-sale financial asset	d	30,596	Nil	30,596	30,596	Nil	30,596	30,596	Nil	30,596
Amount due from related companies	c	14,008,395	(960)	14,007,435	8,834,424	(1,666)	8,832,758	8,791,622	(1,913)	8,789,709
		67,225,120		67,224,160	64,979,570		64,977,904	64,893,891		64,891,978
<b>Current assets</b>										
Inventories		395,515	Nil	395,515	155,855	Nil	155,855	266,159	Nil	266,159
Trade and other receivables	c	9,023,951	(548)	9,023,403	9,196,513	(646)	9,195,867	8,078,155	(667)	8,077,488
Cash and cash equivalents		6,900,163	Nil	6,900,163	7,418,233	Nil	7,418,233	5,079,135	Nil	5,079,135
		16,319,629		16,319,081	16,770,601		16,769,955	13,423,449		13,422,782
Assets held for transfer		Nil	Nil	Nil	83,659	Nil	83,659	Nil	Nil	Nil
<b>Total assets</b>		<b>83,544,749</b>	<b>(1,508)</b>	<b>83,543,241</b>	<b>81,833,830</b>	<b>(2,312)</b>	<b>81,831,518</b>	<b>78,317,340</b>	<b>(2,580)</b>	<b>78,314,760</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity attributable to equity holders</b>										
Stated capital		28,056,113	Nil	28,056,113	28,056,113	Nil	28,056,113	28,056,113	Nil	28,056,113
Shares in ESOS trust		(1,990,921)	Nil	(1,990,921)	(1,990,921)	Nil	(1,990,921)	(1,990,921)	Nil	(1,990,921)
Dividend reserve - ESOS		291,781	Nil	291,781	260,067	Nil	260,067	260,067	Nil	260,067
Revaluation reserve		93,798	Nil	93,798	95,910	Nil	95,910	96,820	Nil	96,820
Retained earnings	e	15,281,789	426,098	15,707,887	12,065,306	657,463	12,722,769	10,744,469	747,524	11,491,993
		41,732,560	426,098	42,158,658	38,486,475	657,463	39,143,938	37,166,548	747,524	37,914,072
<b>Total equity</b>		<b>41,732,560</b>	<b>426,098</b>	<b>42,158,658</b>	<b>38,486,475</b>	<b>657,463</b>	<b>39,143,938</b>	<b>37,166,548</b>	<b>747,524</b>	<b>37,914,072</b>
<b>LIABILITIES</b>										
<b>Non - current liabilities</b>										
Borrowings	b	17,488,097	(470,141)	17,017,956	20,393,159	(634,822)	19,758,337	21,372,753	(700,876)	20,671,877
Deferred income tax liabilities		2,013,771	Nil	2,013,771	1,644,782	Nil	1,644,782	1,612,510	Nil	1,612,510
Retirement benefit obligations		403,482	Nil	403,482	372,713	Nil	372,713	358,854	Nil	358,854
Provision for other liabilities		574,054	Nil	574,054	622,835	Nil	622,835	607,794	Nil	607,794
Deferred revenue		1,055,174	Nil	1,055,174	269,613	Nil	269,613	285,766	Nil	285,766
		21,534,578	(470,141)	21,064,437	23,303,102	(634,822)	22,668,280	24,237,677	(700,876)	23,536,801
<b>Current liabilities</b>										
Trade and other payables		14,280,082	Nil	14,280,082	14,330,152	Nil	14,330,152	12,189,944	Nil	12,189,944
Current income tax liabilities		60,667	Nil	60,667	25,349	Nil	25,349	10,898	Nil	10,898
Borrowings	b	5,936,862	42,535	5,979,397	5,681,867	(24,953)	5,656,914	4,712,273	(49,228)	4,663,045
		20,277,611	42,535	20,320,146	20,037,368	(24,953)	20,012,415	16,913,115	(49,228)	16,863,887
Liabilities held for transfer		Nil	Nil	Nil	6,885	Nil	6,885	Nil	Nil	Nil
<b>Total liabilities</b>		<b>41,812,189</b>	<b>(427,606)</b>	<b>41,384,583</b>	<b>43,347,355</b>	<b>(659,775)</b>	<b>42,687,580</b>	<b>41,150,792</b>	<b>(750,104)</b>	<b>40,400,688</b>
<b>Total equity and liabilities</b>		<b>83,544,749</b>	<b>(1,508)</b>	<b>83,543,241</b>	<b>81,833,830</b>	<b>(2,312)</b>	<b>81,831,518</b>	<b>78,317,340</b>	<b>(2,580)</b>	<b>78,314,760</b>

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements (Contd)

#### 4.1.2 Reconciliation of comprehensive income

a) Group	Note	Year ended 31 December 2011			Three months ended 31 March 2011		
		Under SLAS	Adjustments	Under SLFRS	Under SLAS	Adjustments	Under SLFRS
Revenue		45,637,211	Nil	45,637,211	10,905,608	Nil	10,905,608
Direct costs		(25,114,415)	Nil	(25,114,415)	(6,331,581)	Nil	(6,331,581)
Gross margin		20,522,796	Nil	20,522,796	4,574,027	Nil	4,574,027
Other operating income		75,068	8,008	83,076	43,655	Nil	43,655
Administrative costs		(8,054,621)	Nil	(8,054,621)	(2,017,777)	Nil	(2,017,777)
Distribution costs		(6,325,231)	Nil	(6,325,231)	(1,474,889)	Nil	(1,474,889)
Operating profit		6,218,012	8,008	6,226,020	1,125,016	Nil	1,125,016
Net finance (costs)/income	b	(447,129)	(321,426)	(768,555)	39,853	(90,061)	(50,208)
Share of profit from associate (net of tax)		9,681	Nil	9,681	Nil	Nil	Nil
Profit before tax		5,780,564	(313,418)	5,467,146	1,164,869	(90,061)	1,074,808
Tax		(578,657)	Nil	(578,657)	(56,966)	Nil	(56,966)
<b>Profit for the period</b>		<b>5,201,907</b>	<b>(313,418)</b>	<b>4,888,489</b>	<b>1,107,903</b>	<b>(90,061)</b>	<b>1,017,842</b>
<b>Total comprehensive income for the period</b>		<b>5,201,907</b>	<b>(313,418)</b>	<b>4,888,489</b>	<b>1,107,903</b>	<b>(90,061)</b>	<b>1,017,842</b>

# DIALOG AXIATA PLC AND ITS SUBSIDIARIES

## Notes to the interim financial statements (Contd)

### 4.1.2 Reconciliation of comprehensive income

b) Company	Note	Year ended 31 December 2011			Three months ended 31 March 2011		
		Under SLAS	Adjustments	Under SLFRS	Under SLAS	Adjustments	Under SLFRS
Revenue		41,776,308	Nil	41,776,308	9,987,828	Nil	9,987,828
Direct costs		(22,494,294)	Nil	(22,494,294)	(5,632,632)	Nil	(5,632,632)
Gross margin		19,282,014	Nil	19,282,014	4,355,196	Nil	4,355,196
Other operating income		69,961	Nil	69,961	42,590	Nil	42,590
Administrative costs		(6,260,281)	Nil	(6,260,281)	(1,662,103)	Nil	(1,662,103)
Distribution costs		(5,906,107)	Nil	(5,906,107)	(1,398,763)	Nil	(1,398,763)
Operating profit		7,185,587	Nil	7,185,587	1,336,920	Nil	1,336,920
Net finance (costs)/income	b	(457,117)	(321,426)	(778,543)	39,690	(90,061)	(50,371)
Profit before tax		6,728,470	(321,426)	6,407,044	1,376,610	(90,061)	1,286,549
Tax		(566,238)	Nil	(566,238)	(56,683)	Nil	(56,683)
<b>Profit for the period</b>		<b>6,162,232</b>	<b>(321,426)</b>	<b>5,840,806</b>	<b>1,319,927</b>	<b>(90,061)</b>	<b>1,229,866</b>
<b>Total comprehensive income for the period</b>		<b>6,162,232</b>	<b>(321,426)</b>	<b>5,840,806</b>	<b>1,319,927</b>	<b>(90,061)</b>	<b>1,229,866</b>

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements (Contd)

#### 4.1.3 Reconciliation of cash flow statement

There are no material differences between the Group statement of cash flows presented under SLFRSs and the Group statement of cash flows presented under SLASs.

#### 4.1.4 Notes to the reconciliation of SLAS to SLFRS

##### (a) Investment in associate

The adjustment to the investment in associate of Rs. 8,008,000 recognises the impact for accounting for fair value on the disposal of 74% interest in the subsidiary, Dialog Business Services (Private) Limited (DBS) as a deemed disposal. The gain on disposal of subsidiary is classified under other income in the financial statements.

##### (b) Borrowings

Under the requirements of LKAS 39, borrowings are initially recognised at fair value whereas under SLASs it was recognised at cost. The financial statements were adjusted to incorporate relevant changes. The impact of initial fair valuation amounting to Rs 1,218,960,920 was credited to income statement under finance costs and debited to borrowings on 1 January 2011. The adjustment for subsequent accounting for amortised cost amounting to Rs 791,355,458 was debited to income statement under finance costs and credited to borrowings on 31 December 2011. The impact on borrowings and finance costs is as follows.

	As at 31 December 2011		As at 31 March 2011		As at 1 January 2011	
	Group	Company	Group	Company	Group	Company
<b>Borrowings</b>						
Carrying value -non current and current	22,250,236	22,174,959	23,909,724	23,575,026	23,785,541	23,585,026
Reclassification of rated cumulative redeemable preference shares	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000	2,500,000
Impact from initial fair value recognition and subsequent recognition at amortised cost	(427,606)	(427,606)	(659,775)	(659,775)	(750,104)	(750,104)
	23,072,630	22,997,353	25,749,949	25,415,251	25,535,437	25,334,922

##### Net finance costs

	Year ended 31 December 2011		Three months ended 31 March 2011	
	Group	Company	Group	Company
Finance income	423,855	408,860	161,205	160,806
Finance costs	(719,269)	(714,262)	(70,472)	(70,236)
Reclassification of dividend paid on rated cumulative redeemable preference shares	(151,715)	(151,715)	(50,880)	(50,880)
Impact from subsequent recognition at amortised cost	(321,426)	(321,426)	(90,061)	(90,061)
	(768,555)	(778,543)	(50,208)	(50,371)

The fair values of non-current and current borrowings are based on cash flows discounted using interest rates ranging from 2.02% to 11.42% (2011: 2.45% to 9.53%).

##### (c) Receivables

Under the requirements of LKAS 39 receivables classified as financial assets are initially recognised at fair value whereas under SLASs it was recognised at cost. The financial statements were adjusted to incorporate relevant changes with regard to loan given to Axiata Lanka (Private) Limited. The impact of initial fair valuation amounting to Rs 2,579,987 was debited to income statement under finance costs and credited to the respective loan on 1 January 2011. The adjustment for subsequent accounting for amortised cost amounting to Rs 1,072,338 was credited to income statement under finance costs and debited to respective loan on 31 December 2011. The impact on the receivable balances is as follows.

	As at 31 December 2011		As at 31 March 2011		As at 1 January 2011	
	Group	Company	Group	Company	Group	Company
<b>Trade and other receivables</b>						
Carrying value	10,282,047	9,023,951	10,618,163	9,196,513	9,635,566	8,078,155
Impact from initial fair value recognition and subsequent recognition at amortised cost	(548)	(548)	(646)	(646)	(667)	(667)
	10,281,499	9,023,403	10,617,517	9,195,867	9,634,899	8,077,488
<b>Amount due from related companies</b>						
Carrying value	12,505	14,008,395	17,849	8,834,424	19,630	8,791,622
Impact from initial fair value recognition and subsequent recognition at amortised cost	(960)	(960)	(1,666)	(1,666)	(1,913)	(1,913)
	11,545	14,007,435	16,183	8,832,758	17,717	8,789,709

The fair value of the loan given to Axiata Lanka was discounted using a rate based on the 4.05% fixed rate prevailing in market as at 1 January 2011.

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements (Contd)

**(d) Available-for-sale financial asset**

Investment in Sri Lanka Institute of Nanotechnology (Private) Limited [Formerly known as Nanco (Private) Limited], which was previously presented as other investment is now recognised as a financial asset and classified as available-for-sale financial asset.

**(e) Retained earnings**

The following is a summary of transition adjustments to the Group's retained earnings from SLASs to SLFRSs.

	Ref	As at 31 December 2011		As at 31 March 2011		As at 01 January 2011	
		Group	Company	Group	Company	Group	Company
Retained earnings as reported under SLASs		6,233,535	15,281,789	3,765,186	12,065,306	2,656,318	10,744,469
Investment in associate	<b>a</b>	8,008	Nil	Nil	Nil	Nil	Nil
Borrowings	<b>b</b>	427,606	427,606	659,775	659,775	750,104	750,104
Receivables	<b>c</b>	(1,508)	(1,508)	(2,312)	(2,312)	(2,580)	(2,580)
Retained earnings as reported under SLFRSs		6,667,641	15,707,887	4,422,649	12,722,769	3,403,842	11,491,993

## 5 Segment information

The segmental reporting presentation is revised to represent more appropriate business segments of the Group.

## Notes to the interim financial statements (Contd)

## 5 Segment information

- o The segment results for the period ended 31 March 2012 are as follows:

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Total segmental revenue	11,842,523	608,794	676,753	Nil	13,128,070
Inter-segment revenue	(115,690)	(114,940)	(2,834)	Nil	(233,464)
Revenue from external customers	<u>11,726,833</u>	<u>493,854</u>	<u>673,919</u>	<u>Nil</u>	<u>12,894,606</u>
Operating profit/(loss) /segment results	1,954,273	(170,333)	70,669	(14,560)	1,840,049
Net finance costs					(2,231,208)
Share of profit from associate (net of tax)					<u>730</u>
Loss before tax					<u>(390,429)</u>
Taxation					<u>(140,476)</u>
Loss for the period					<u>(530,905)</u>

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

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Depreciation ,amortisation and impairment	1,923,946	324,730	113,420	12,572	2,374,668

- o The segment assets and liabilities at 31 March 2012 and capital expenditure for the period then ended are as follows:

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Assets	82,597,405	19,762,922	3,376,276	(9,335,459)	96,401,144
Inter -segment assets	(14,607,527)	26,716	(1,380)	Nil	<u>(14,582,191)</u>
<b>Total assets</b>					<u>81,818,953</u>
Liabilities	40,845,342	21,055,267	2,562,789	Nil	64,463,398
Inter- segment liabilities	(378,485)	(13,266,515)	(1,621,623)	Nil	<u>(15,266,623)</u>
<b>Total liability</b>					<u>49,196,775</u>
Capital expenditure	1,320,382	225,305	149,738	Nil	1,695,425



## Notes to the interim financial statements (Contd)

## 5 Segment information (Contd)

- o The segment results for the period ended 31 March 2011 are as follows:

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Total segmental revenue	9,987,828	583,678	560,832	Nil	11,132,338
Inter-segment revenue	(112,810)	(103,828)	(10,092)	Nil	(226,730)
Revenue from external customers	9,875,018	479,850	550,740	Nil	10,905,608
Operating profit/(loss) /segment results	1,336,920	(197,877)	(949)	(13,078)	1,125,016
Net finance costs					(50,208)
Share of profit from associate					Nil
Profit before tax					1,074,808
Taxation					(56,966)
Profit for the period					1,017,842

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

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Depreciation ,amortisation and impairment	1,974,920	343,530	131,967	12,572	2,462,989

- o The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows:

	Mobile operations	Fixed broadband operations	Television operations	Elimination /adjustment	Group
Assets	83,543,241	12,730,168	3,271,278	(9,314,880)	90,229,807
Inter -segment assets	(13,986,531)	(16,008)	11	Nil	(14,002,528)
<b>Total assets</b>					<b>76,227,279</b>
Liabilities	41,384,583	13,616,694	2,494,624	Nil	57,495,901
Inter- segment liabilities	(134,326)	(12,708,505)	(1,578,874)	Nil	(14,421,705)
<b>Total liability</b>					<b>43,074,196</b>
Capital expenditure	6,762,427	1,458,870	498,023	Nil	8,719,320

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements (Contd)

#### 6 Stated capital

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

#### 7 Comparatives

The following items in these financial statements are reclassified to ensure comparability with the current period.

Income statement		As reported previous 31 March 2011		Current presentation 31 March 2011	
		Group	Company	Group	Company
Revenue	b,c	10,953,339	10,029,293	10,905,608	9,987,828
Direct costs	c,d	(6,320,939)	(5,632,632)	(6,331,581)	(5,632,632)
Other operating income	a	21,696	20,630	43,655	42,590
Administrative costs	d	(2,030,858)	(1,662,103)	(2,017,777)	(1,662,103)
Distribution costs	a,b	(1,498,222)	(1,418,268)	(1,474,889)	(1,398,763)
Net finance costs	e	90,733	90,570	39,853	39,690

- (a) Bad debts written back previously classified under other income are reclassified under distribution costs for a better presentation of the financial statements.
- (b) Star point expenses previously classified under distribution costs are reclassified under revenue, based on requirements of IFRIC 13 Customer loyalty programmes.
- (c) Revenue share on agent fee related to Dialog Television (Private) Limited previously classified under direct costs is reclassified under revenue, based on requirements of LKAS 18 on principal agent relationship.
- (d) Staff cost related to Dialog Broadband (Private) Limited previously classified under direct costs is reclassified under administrative costs for better presentation of the financial statements.
- (e) Dividend on rated cumulative redeemable preference shares previously classified in the statement of changes in equity is now presented under finance costs, based on the requirements of LKAS 32 Financial instruments; Presentation.

#### 8 Market price per share

For the three months ended 31 March

	2012 Rs.	2011 Rs.
- Highest	8.00	12.20
- Lowest	6.00	10.20
- Last traded	7.10	10.50

#### 9 20 largest shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.32%
2 HSBC-BBH Genesis Smaller Companies	191,221,640	2.35%
3 Employees Provident Fund	175,363,444	2.15%
4 Dialog Telekom Employees ESOS Trust	158,572,462	1.95%
5 Sri Lanka Insurance Corporation Limited - Life Fund	74,585,920	0.92%
6 HSBC-SSBT-International Finance Corporation	64,086,800	0.79%
7 HSBC-BBH-Genesis Emerging Markets Opportunities Fund	55,345,900	0.68%
8 HSBC-JPMLU-Morgan Stanley Asset Management	54,985,167	0.68%
9 Browns Investments (Private) Limited	44,991,400	0.55%
10 BNY-CF Ruffer Investment Funds : Cf Ruffer Pacific Fund	44,314,300	0.54%
11 HSBC-JPMCB-Scottish ORL SML TR GTI 6018	32,207,500	0.40%
12 HSBC-SSBT-The RBS AS DEP of FS India Sub Cont	26,370,100	0.32%
13 Pemberton Asian Opportunities Fund	23,000,000	0.28%
14 Sri Lanka Insurance Corporation Limited - General Fund	22,320,360	0.27%
15 Associated Electrical Corporation Limited	18,450,600	0.23%
16 HSBC-SSBT-Morgan Stanley Frontier Emerging Markets Fund Inc	18,347,188	0.23%
17 Seylan Bank PLC. - A/C No. 3	17,459,100	0.21%
18 Mellon Bank N.A.- Florida Retirement System	14,472,600	0.18%
19 Northern Trust Co s/a Northern Trust Fiduciary Services (Ireland) as Trustee to Baring Asean Frontiers Fund	12,904,800	0.16%
20 Mercantile Investments Limited	11,000,000	0.14%

## DIALOG AXIATA PLC AND ITS SUBSIDIARIES

### Notes to the interim financial statements (Contd)

#### 10 Public shareholding

The percentage of public shareholding as at 31 March 2012 was 14.73% (14.73% as at 31 December 2011), calculated as per the listing rules of the Colombo Stock Exchange.

#### 11 Acquisition of interest in Suntel Limited

Dialog Axiata PLC's wholly owned subsidiary, Dialog Broadband Networks (Private) Limited (DBN), entered into a Share Purchase Agreement with the shareholders of Suntel Limited to purchase 100 percent equity shares of Suntel Limited on 14 December 2011. Suntel Limited became a wholly owned subsidiary of DBN with effect from 21 March 2012 and accordingly the assets and liabilities of Suntel Limited are consolidated into Dialog Axiata Group. The resultant Goodwill to the Group was Rs.4,960,822,579 and is classified under intangible assets in the statement of financial position.

#### 12 Trade and other payables

This includes a provision, as a matter of prudence, for a sum of Rs. 4,221,040,185 on account of a judgment delivered against Suntel Limited in the Commercial High Court of the Western Province in favour of Electroteks Network Services (Private) Limited. Suntel Limited has instituted appeal proceedings against the said judgment in the Supreme Court of Sri Lanka.

#### 13 Directors' shareholdings

The details of shares held by the Directors and their spouses as at 31 March 2012 are as follows:

	<u>Number of shares</u>
Dr. Hansa Wijayasuriya	42,570
Mr. Moksevi Preliis	18,480
Mr. Mohamed Muhsin	18,040

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

#### 14 Contingent liabilities

There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 December 2011.

#### 15 Events after the reporting period

Subsequent to 31 March 2012, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.