

UNIVERSITY OF
WESTMINSTER™



INFORMATICS
INSTITUTE OF
TECHNOLOGY

UNIVERSITY OF WESTMINSTER

4ACCN009C.3 Accounting and Finance for Business

COURSEWORK

RUCHINTHA DIAS

Blackboard Name : - Ruchintha Dias

UOW ID: W2084455

IIT No: 20232724

Table of Contents

Executive Summary.....	3
Introduction.....	4
Financial Analysis	
a) Financial Ratio Calculation	
1. Profitability.....	5
2. Liquidity.....	5
3. Efficiency.....	6
4. Financing.....	6
5. Investment potential.....	7
b) Financial Statements Analysis	
1. Profitability.....	8
2. Liquidity.....	12
3. Efficiency.....	14
4. Financing.....	17
5. Investment potential.....	19
Limitations of the analysis.....	23
Conclusion	24
Individual reflective Statement	25
Appendix	26
References.....	58

Executive Summary

This report compares Dialog Axiata PLC and Sri Lanka Telecom PLC (SLT) to evaluate their financial performance through ratio analysis. Dialog Axiata excels in profitability with superior gross profit margins but shows significant volatility in operating margins and return ratios. In contrast, SLT maintains stable performance in these areas despite lower profitability. Dialog Axiata has improved liquidity, while SLT faces declining liquidity. Dialog Axiata's financial stance is riskier with fluctuating gearing and interest cover ratios, whereas SLT shows consistent stability but struggles with interest coverage. The analysis highlights that Dialog Axiata offers investors growth opportunities with high risk while SLT offers stability with stable returns.

Introduction

Dialog Axiata PLC is one of the leading telecommunication service providers in Sri Lanka. It is established in 1993. The company operates within the highly competitive telecommunication industry by offering a comprehensive range of services including fixed line telephone services, mobile telecommunication services, internet broadband services and digital television service. Dialog Axiata PLC primarily generates its revenue through subscription fees, data services and value-added services. Its main market encompasses individual consumers, business entities and government institutions across Sri Lanka. The Sri Lankan telecommunications industry is currently undergoing rapid growth and modernization, fueled by technological advancements and increasing consumer demand. By positioning itself strategically in this evolving industry, Dialog Axiata PLC plays an important role in the industry. In this report, the financial performance of Dialog Axiata PLC is analyzed and compared with that of Sri Lanka Telecom PLC (SLT), another leading giant in the Sri Lankan telecommunication industry. Sri Lanka Telecom PLC established in 1858 and is the country's oldest telecommunication service provider and a significant competitor to Dialog Axiata PLC. The comparison will utilize ratio analysis to evaluate and contrast key financial metrics between the two companies. Ratio analysis is a valuable tool for assessing profitability, liquidity, operational efficiency, financial stability, and investment potential of a company. By examining these ratios, this report seeks to offer insights into the financial positioning and performance dynamics of Dialog Axiata PLC relative to Sri Lanka Telecom PLC. The analysis will cover various financial ratios including profitability ratios, liquidity ratios, Efficiency ratios, Financing ratios and Investment ratios.

Financial Analysis

a) Financial Ratio Calculation

1. Profitability

Profitability Ratios					
Ratio	Equation	Dialog Axiata PLC		Sri Lanka Telecom PLC	
		Year	Calculation	Answer	Calculation
Gross profit margin	Gross profit / Sales revenue * 100	Yr 2021	48,930,422 / 90,958,769 * 100	54%	24,892 / 59,811 * 100
		Yr 2022	48,849,664 / 101,372,997 * 100	48%	29,027 / 67,569 * 100
		Yr 2023	48,710,404 / 102,932,077 * 100	47%	28,461 / 69,711 * 100
Operating profit margin	Operating Profit / Sales revenue * 100	Yr 2021	16,816,148 / 90,958,769 * 100	18%	3,336 / 59,811 * 100
		Yr 2022	(-6,095,855) / 101,372,997 * 100	-6%	5,957 / 67,569 * 100
		Yr 2023	11,401,778 / 102,932,077 * 100	11%	5,081 / 69,711 * 100
Return on ordinary shareholders' funds (ROSF)	Profit for the year / Owner's Equity * 100	Yr 2021	11,151,081 / 97,032,213 * 100	11%	5,865 / 65,672 * 100
		Yr 2022	(-38,308,757) / 44,486,554 * 100	-86%	8,463 / 69,546 * 100
		Yr 2023	11,997,955 / 57,099,162 * 100	21%	(-1,132) / 68,140 * 100
Return on capital employed (ROCE)	Operating profit / (Owner's Equity + Non-current liabilities) * 100	Yr 2021	16,816,148 / (97,032,213 + 18,837,178) * 100	15%	3,336 / (65,672 + 59,543) * 100
		Yr 2022	(-6,095,855) / (44,486,554 + 84,978,961) * 100	-5%	5,957 / (69,546 + 67,421) * 100
		Yr 2023	11,401,778 / (57,099,162 + 80,763,811) * 100	8%	5,081 / (68,140 + 67,217) * 100

2. Liquidity

Liquidity Ratios					
Ratio	Equation	Dialog Axiata PLC		Sri Lanka Telecom PLC	
		Year	Calculation	Answer	Calculation
Current ratio	Current assets / Current liabilities	Yr 2021	40,045,672 / 82,042,267	0.49	31,178 / 32,989
		Yr 2022	64,801,983 / 109,041,548	0.59	36,231 / 49,059
		Yr 2023	64,957,417 / 102,037,898	0.64	30,508 / 54,132
Quick ratio (Acid Test ratio)	(Current assets – Inventory) / Current liabilities	Yr 2021	(40,045,672 - 216,670) / 82,042,267	0.49	(31,178 - 2,039) / 32,989
		Yr 2022	(64,801,983 - 197,918) / 109,041,548	0.59	(36,231 - 2,405) / 49,059
		Yr 2023	(64,957,417 - 590,481) / 102,037,898	0.63	(30,508 - 3,240) / 54,132

3. Efficiency

Efficiency Ratios						
Ratio	Equation	Dialog Axiata PLC			Sri Lanka Telecom PLC	
		Year	Calculation	Answer	Calculation	Answer
Inventories turnover period	Inventory / Cost of sales * 365 days	Yr 2021	216,670 / 42,028,347 * 365	2 days	2,039 / 34,919 * 365	21 days
		Yr 2022	197,918 / 52,523,333 * 365	1 days	2,405 / 38,542 * 365	23 days
		Yr 2023	590,481 / 54,221,673 * 365	4 days	3,240 / 41,250 * 365	29 days
Settlement period for trade receivables	Trade receivables / Sales revenue * 365 days	Yr 2021	9,762,337 / 90,958,769 * 365	39 days	19,295 / 59,811 * 365	118 days
		Yr 2022	13,190,235 / 101,372,997 * 365	47 days	21,575 / 67,569 * 365	117 days
		Yr 2023	19,058,564 / 102,932,077 * 365	68 days	21,041 / 69,711 * 365	110 days
Settlement period for trade payables	Trade payables / Cost of sales * 365 days	Yr 2021	13,357,215 / 42,028,347 * 365	116 days	1,467 / 34,919 * 365	15 days
		Yr 2022	18,875,815 / 52,523,333 * 365	131 days	2,523 / 38,542 * 365	24 days
		Yr 2023	7,128,008 / 54,221,673 * 365	48 days	2,535 / 41,250 * 365	22 days
Sales revenue per employee	Sales revenue / Number of employees	Yr 2021			59,811,000,000 / (6,590 + 1,442)	##### per emp
		Yr 2022			67,569,000,000 / (6,663 + 1,395)	8E+06 per emp
		Yr 2023			69,711,000,000 / (6,223 + 1,406)	9E+06 per emp

4. Financing

Financial gearing Ratios						
Ratio	Equation	Dialog Axiata PLC			Sri Lanka Telecom PLC	
		Year	Calculation	Answer	Calculation	Answer
Gearing ratio	Non-current liabilities / (Equity + Non-current liabilities) * 100	Yr 2021	18,837,178 / (97,032,213 + 18,837,178) * 100	16%	59,543 / (65,672 + 59,543) * 100	48%
		Yr 2022	84,978,961 / (44,486,554 + 84,978,961) * 100	66%	67,421 / (69,546 + 67,421) * 100	49%
		Yr 2023	80,763,811 / (57,099,162 + 80,763,811) * 100	59%	67,217 / (68,140 + 67,217) * 100	50%
Interest cover ratio	Operating profit / Interest payable	Yr 2021	16,816,148 / 1,945,330	8.6 times	3,336 / 3,591	0.9 times
		Yr 2022	(-6,095,855) / 5,010,147	0 times	5,957 / 7,743	0.8 times
		Yr 2023	11,401,778 / 8,878,602	1.3 times	5,081 / 14,058	0.4 times

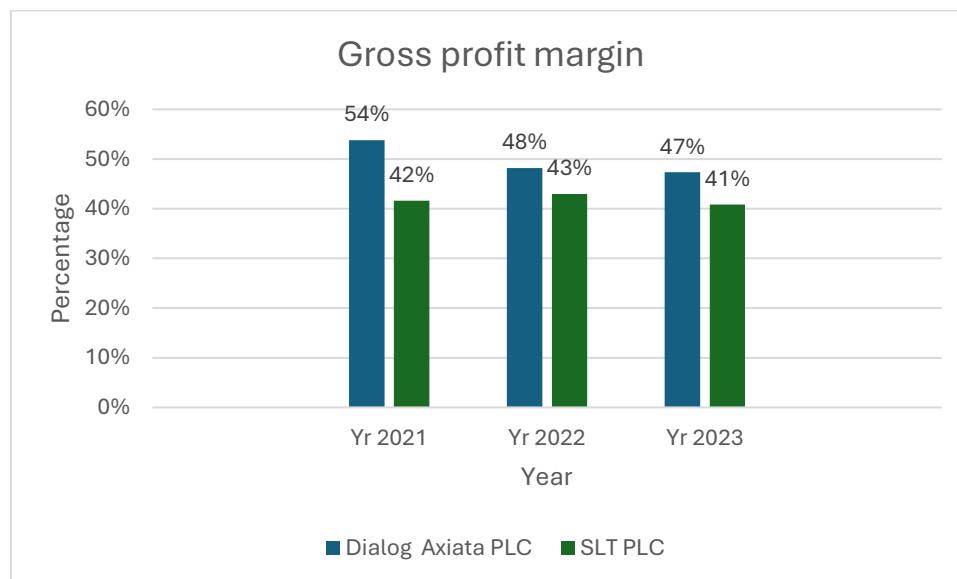
5. Investment potential

Investment Ratios						
Ratio	Equation	Year	Dialog Axiatel PLC		Sri Lanka Telecom PLC	
			Calculation	Answer	Calculation	Answer
Earnings per share (EPS)	Profit for the period / Number of ordinary shares	Yr 2021	11,151,081,000 / 8,200,607,505	1.36 per share	5,865,000,000 / 1,804,860,000	3.25 per share
		Yr 2022	(-38,308,757,000) / 8,247,640,305	-4.64 per share	8,463,000,000 / 1,804,860,000	4.69 per share
		Yr 2023	11,997,955,000 / 8,247,640,305	1.45 per share	(-1,132,000,000) / 1,804,860,000	-0.63 per share
Price/Earnings ratio (P/E)	Market share price / Earnings per share (EPS)	Yr 2021	10.9 / 1.36	8.01 times	38.80 / 3.25	11.938 times
		Yr 2022	8.5 / -4.64	-1.83 times	68.00 / 4.69	14.499 times
		Yr 2023	9.0 / 1.45	6.21 times	92.90 / (-0.63)	-147.46 times
Dividend per share	Dividend / Number of ordinary shares	Yr 2021	6,068,450,000 / 8,200,607,505	0.74 per share	2,689,000,000 / 1,804,860,000	1.49 per share
		Yr 2022	10,168,753,000 / 8,247,640,305	1.23 per share	3,646,000,000 / 1,804,860,000	2.02 per share
		Yr 2023	0 / 8,247,640,305	0 per share	451,000,000 / 1,804,860,000	0.25 per share
Dividend yield ratio	Dividend per share / Market share price * 100	Yr 2021	0.74 / 10.9 * 100	7%	1.49 / 38.80 * 100	4%
		Yr 2022	1.23 / 8.5 * 100	14%	2.02 / 68.00 * 100	3%
		Yr 2023	0 / 9.0 * 100	0%	0.25 / 92.9 * 100	0%

b) Financial Statements Analysis

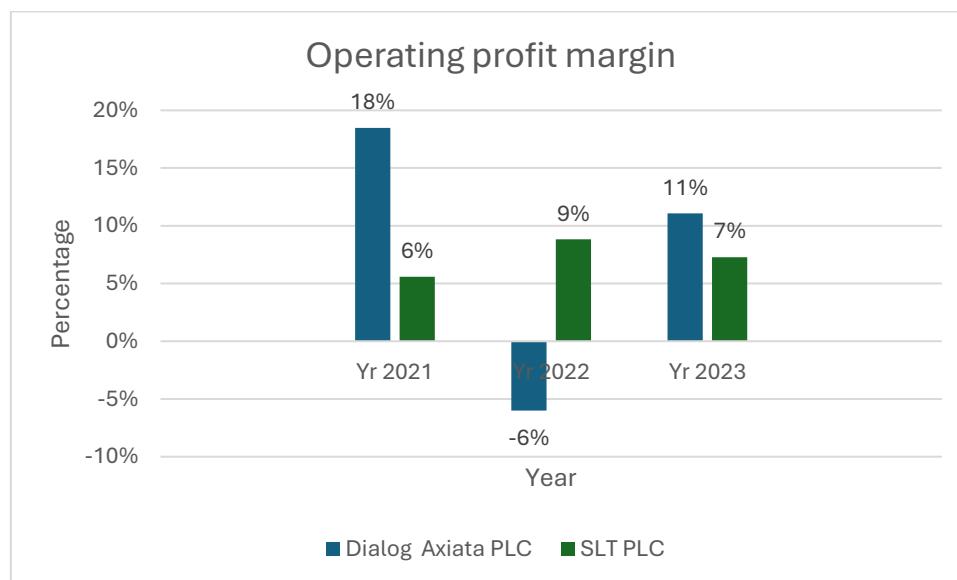
1. Profitability

▪ Gross Profit Margin



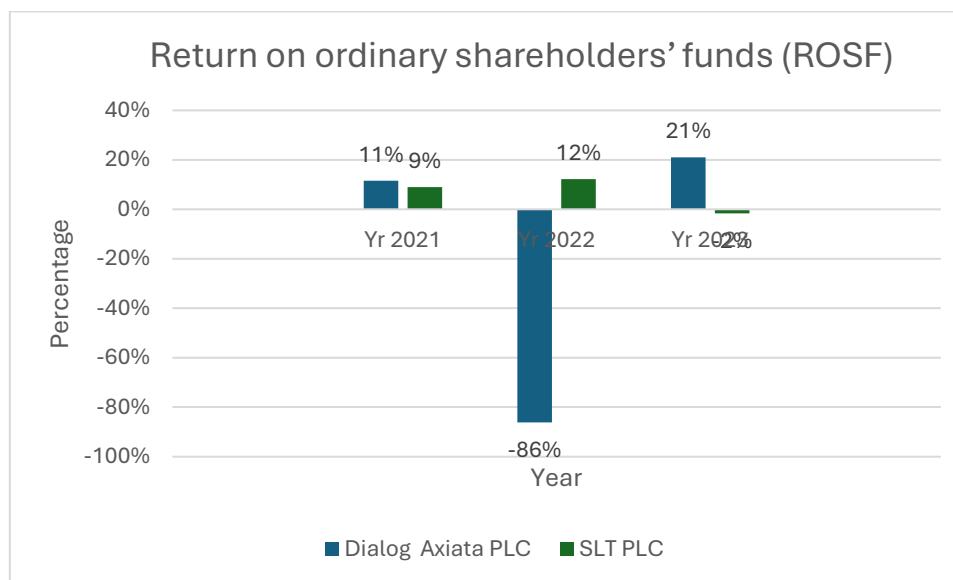
Gross Profit Margin measures the percentage of revenue remaining after subtracting the cost of goods sold, reflecting a company's efficiency in production and sales. A higher margin indicates better financial health and cost control. The bar graph comparing the Gross Profit Margins of Dialog Axiata PLC and SLT PLC from 2021 to 2023 shows Dialog Axiata PLC consistently outperforming SLT PLC. Dialog Axiata's margin was 54% in 2021, compared to SLT PLC's 42%. Although Dialog's margin declined to 48% in 2022 and 47% in 2023, it remained higher than SLT PLC's margins of 43% in 2022 and 41% in 2023, highlighting Dialog Axiata's superior cost management efficiency.

- Operating profit margin



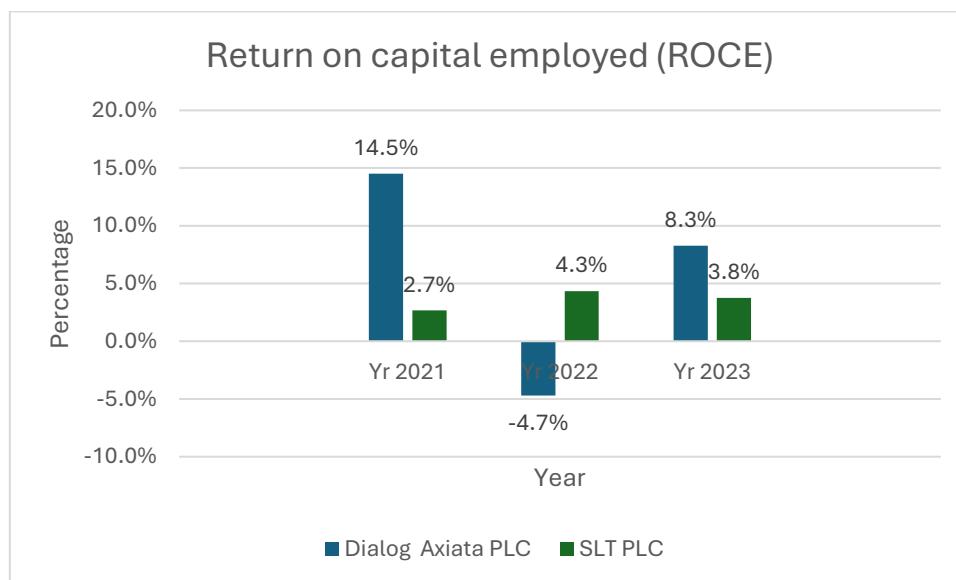
Operating profit margin measures the percentage of revenue remaining as operating profit after covering operating expenses excluding interest and taxes. It reflects a company's efficiency in managing its core operations. This is calculated by dividing operating profit by sales revenue and multiplying by 100. A higher margin indicates better operational efficiency and profitability. Examining the bar graph of operating profit margins for Dialog Axiata PLC and SLT PLC from 2021 to 2023 reveals distinct trends. Dialog Axiata PLC's margins exhibit considerable fluctuation, starting with a high of 18% in 2021, dropping to -6% in 2022, and recovering partially to 11% in 2023, which highlights significant operational inconsistency. In contrast, SLT PLC demonstrates more stability in its margins, with a gradual increase from 6% in 2021 to 9% in 2022, followed by a slight decrease to 7% in 2023. This more consistent trend in SLT PLC's performance suggests a steadier approach to managing operating efficiency compared to the variability observed in Dialog Axiata PLC's results.

- Return on ordinary shareholders' funds (ROSF)



Return on Ordinary Shareholders' Funds (ROSF) measures a company's profitability relative to the equity held by ordinary shareholders. This is calculated by dividing profit for the year by the owner's equity. A higher ROSF indicates better financial performance and efficient use of equity, while a lower or negative ROSF may signal profitability issues or financial challenges. When comparing ROSF between Dialog Axiata PLC and SLT PLC, Dialog Axiata PLC shows significant volatility. The 2021 bar is relatively high at 11%, but it plunges to -86% in 2022 before rebounding to 21% in 2023. Conversely, SLT PLC's ROSF exhibits greater stability, starting at 9% in 2021, rising to 12% in 2022, and then slightly decreasing to -2% in 2023. Despite SLT PLC's negative 2023 figure, its overall trend is more consistent compared to Dialog Axiata PLC's erratic fluctuations.

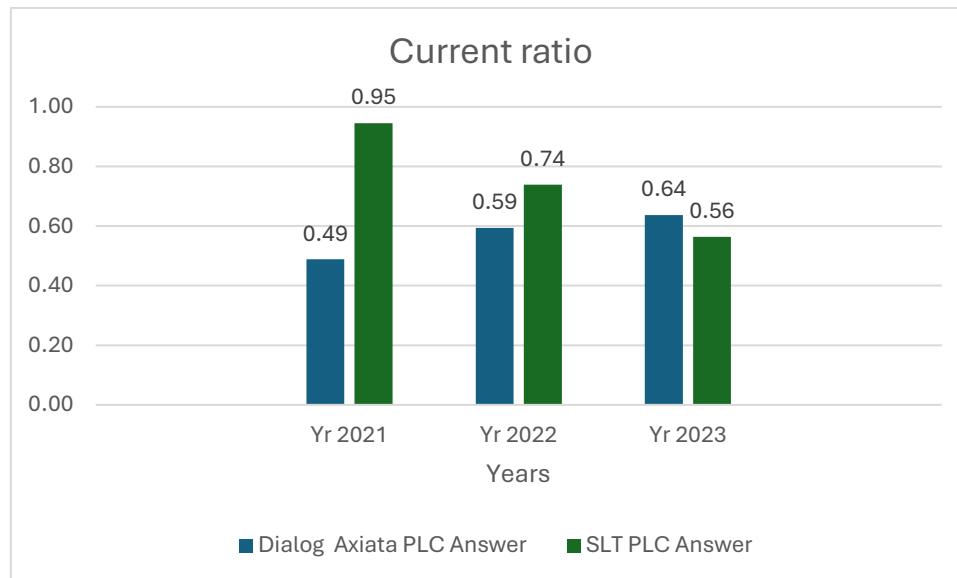
- Return on capital employed (ROCE)



Return on Capital Employed (ROCE) measures the company's profitability relative to its owner's equity employed. This is calculated by dividing operating profit excluding Interest and Taxes by the total capital employed (owner's equity plus non-current liabilities). It reflects how efficiently a company uses its capital to generate profits. A higher percentage indicates better capital utilization. In the bar graph, Dialog Axiata PLC's ROCE displays significant variability, peaking at 14.5% in 2021, dropping sharply to -4.7% in 2022, and recovering to 8.3% in 2023. In contrast, SLT PLC's ROCE remains relatively stable and lower with values of 2.7% in 2021, rising slightly to 4.3% in 2022, and experiencing a minor decrease to 3.8% in 2023. This comparison highlights Dialog Axiata PLC's greater volatility in capital efficiency, as opposed to SLT PLC's more consistent but modest returns.

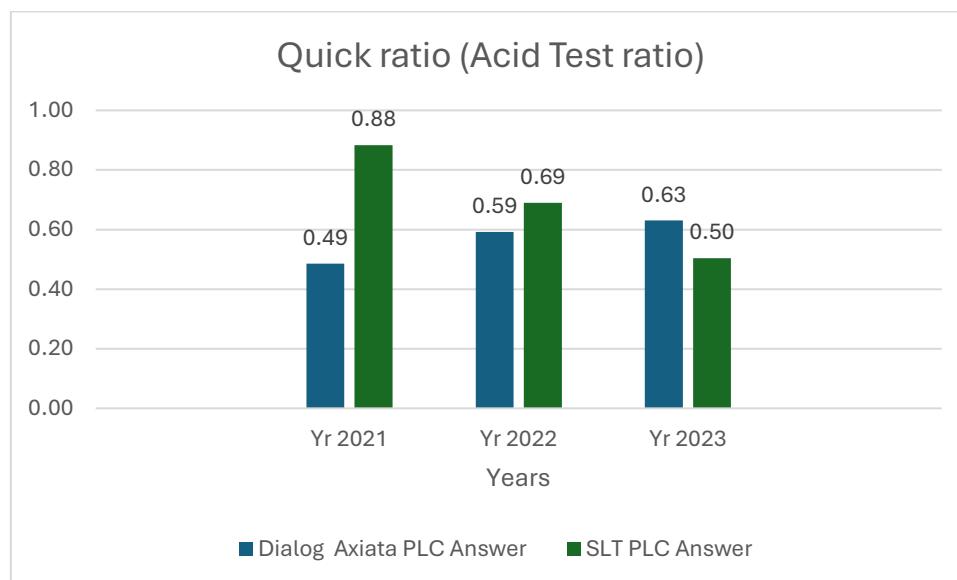
2. Liquidity

- Current ratio



The Current Ratio measures a company's ability to cover short-term liabilities with short-term assets. This is calculated by dividing current assets by current liabilities. A ratio above 1 indicates that the company has sufficient assets to cover its liabilities suggesting strong short-term financial health, while a ratio below 1 may indicate potential liquidity issues. Analyzing the bar graph Dialog Axiata PLC's Current Ratio exhibits a steady increase from 0.49 in 2021 to 0.64 in 2023, reflecting improved liquidity over the period. In contrast, SLT PLC's ratio shows a decline from 0.95 in 2021 to 0.56 in 2023, highlighting a decrease in its liquidity. This visual representation underscores that Dialog Axiata PLC has strengthened its short-term financial position, whereas SLT PLC has faced challenges, resulting in a growing disparity between the two companies' liquidity.

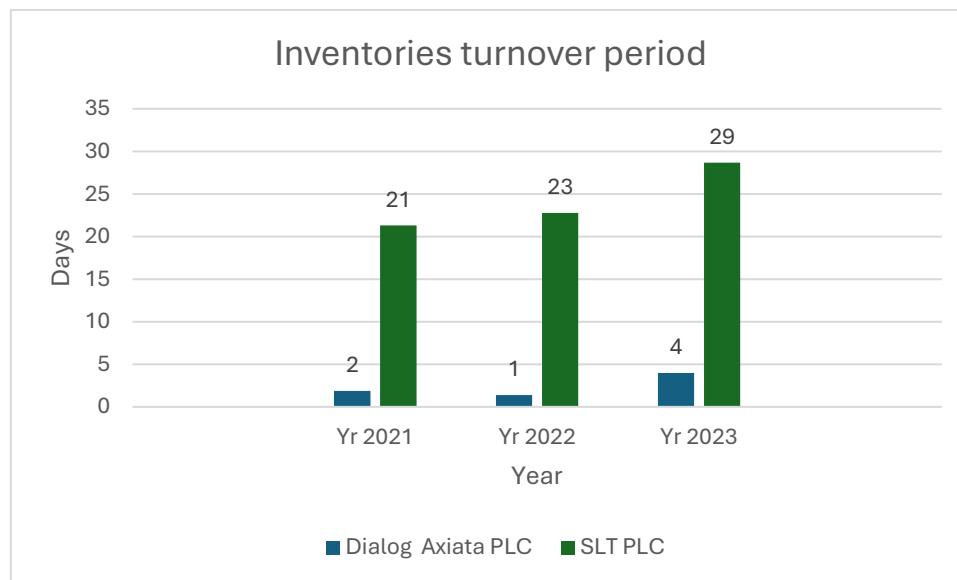
- Quick ratio (Acid Test ratio)



The Quick ratio evaluates a company's ability to meet short-term liabilities using its most liquid assets. This is calculated by subtracting inventory from current assets and dividing it by current liabilities. It offers a stricter liquidity assessment than the current ratio, which includes inventory. A higher Quick ratio signifies better liquidity and a stronger capability to cover short-term obligations without relying on inventory sales. Examining the bar graph of Quick ratios for Dialog Axiata PLC and SLT PLC, Dialog Axiata PLC shows a steady increase from 0.49 in 2021 to 0.63 in 2023, indicating improved liquidity. In contrast, SLT PLC's ratio declines from 0.88 in 2021 to 0.50 in 2023, reflecting a deteriorating liquidity position. The graph thus highlights Dialog Axiata PLC's strengthening liquidity relative to SLT PLC's weakening trend.

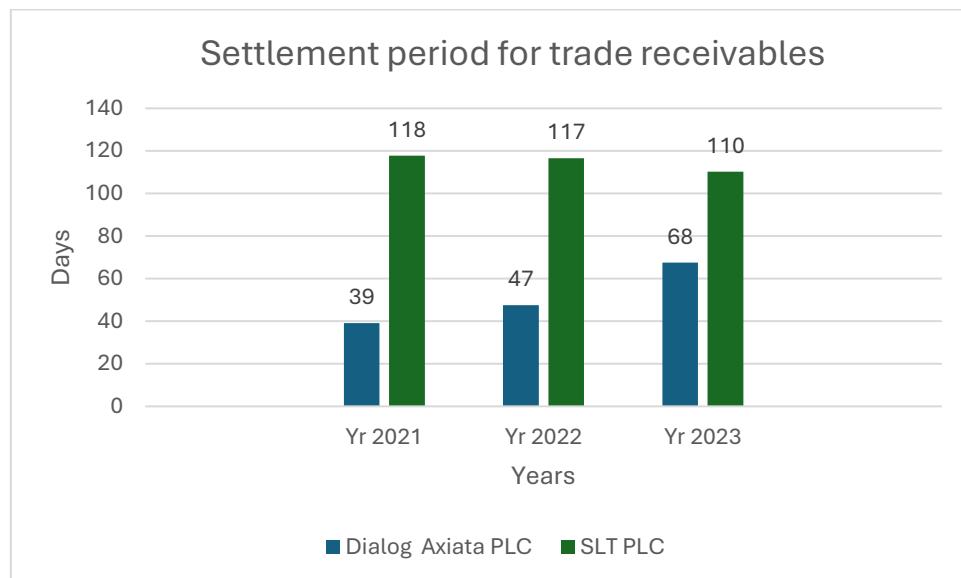
3. Efficiency

- Inventories turnover period



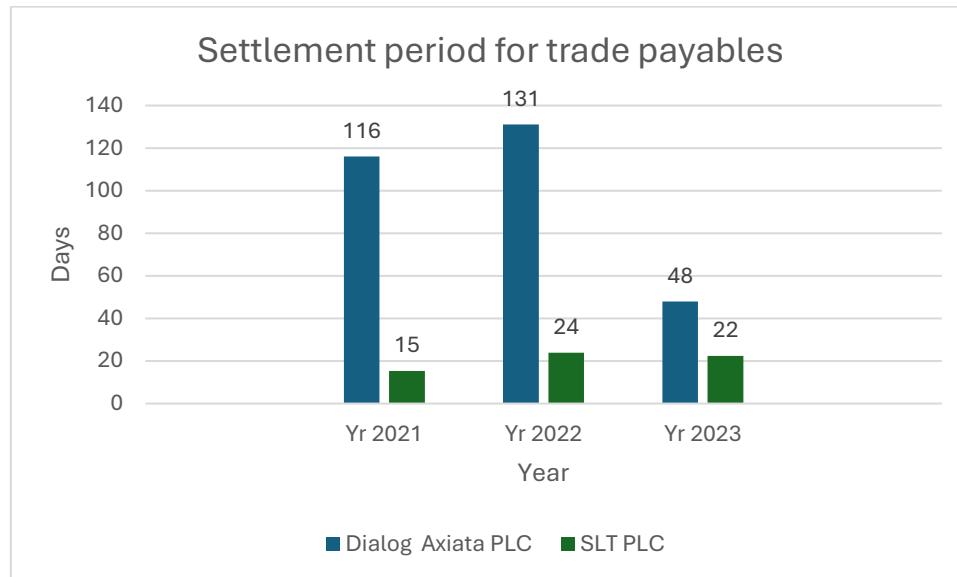
The inventory turnover period measures the average number of days it takes for a company to sell its inventory. This is calculated by dividing the inventory by cost of sales and multiplying it by 365. A shorter period indicates efficient inventory management while a longer period suggests slower movement and potential overstocking. Examining the bar graph of inventory turnover periods for Dialog Axiata PLC and SLT PLC from 2021 to 2023 reveals a clear contrast. Dialog Axiata PLC's period declined from 2 days in 2021 to 1 day in 2022, then increased to 4 days in 2023, indicating initial improvement followed by decreased efficiency. Conversely, SLT PLC's period steadily increased from 21 days in 2021 to 29 days in 2023, highlighting growing inefficiencies.

- Settlement period for trade payables



The settlement period for trade receivables measures the average time a company takes to collect payments from customers post sale. This is calculated by dividing the trade receivables by sales revenue and multiplying it by 365. It reflects the company's credit and cash flow management efficiency. A shorter period indicates quick payment collection enhancing liquidity and reducing bad debt risk, while a longer period suggests potential collection issues and higher financial risk. A bar graph comparison of Dialog Axiata PLC and SLT PLC from 2021 to 2023 shows distinct trends. Dialog Axiata PLC's settlement period increased from 39 days in 2021 to 47 days in 2022 and further to 68 days in 2023, indicating worsening receivables collection. In contrast, SLT PLC's period, though consistently longer, improved slightly from 118 days in 2021 to 117 days in 2022 and then to 110 days in 2023. This suggests Dialog Axiata PLC faces growing collection challenges, while SLT PLC shows gradual improvement.

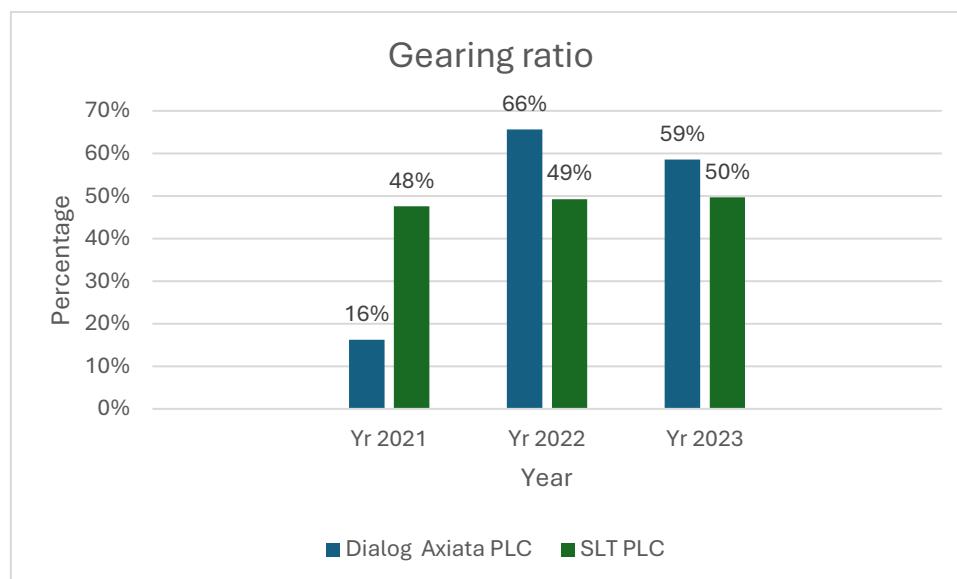
- Settlement period for trade payables



The settlement period for trade payables measures the average number of days a company takes to pay its suppliers after receiving an invoice reflecting the time it takes to settle outstanding accounts. This is calculated by dividing the trade payables by cost of sales and multiplying it by 365. A longer period can indicate extended credit terms or conservative cash flow management, while a shorter period suggests prompt payment practices or better liquidity. Observing the bar graph comparing Dialog Axiata PLC and SLT PLC reveals that Dialog Axiata PLC has a notably higher settlement period over the years. In 2021 Dialog Axiata PLC's period was 116 days, increasing to 131 days in 2022, then decreasing to 48 days in 2023. Conversely, SLT PLC's periods were consistently lower at 15 days in 2021, 24 days in 2022 and 22 days in 2023, indicating a more stable and shorter settlement timeframe.

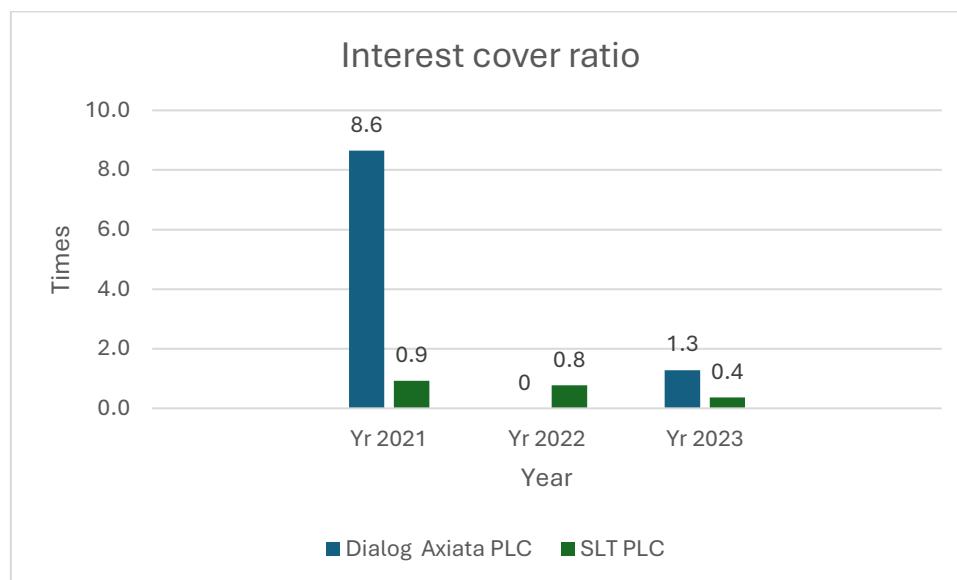
4. Financing

- Gearing ratio



The gearing ratio is a financial metric that measures the proportion of a company's debt relative to its equity, indicating the extent of financial leverage and associated risk. This is calculated by dividing non-current liabilities by the total capital employed (owner's equity plus non-current liabilities). A higher gearing ratio implies greater reliance on borrowed funds and higher risk, while a lower ratio suggests lower debt levels and reduced financial risk. Examining the bar graph for Dialog Axiata PLC and SLT PLC reveals a notable contrast in their financial leverage profiles. Dialog Axiata PLC shows significant fluctuation with a ratio of 16% in 2021, a sharp rise to 66% in 2022 and a slight decrease to 59% in 2023. This variability suggests substantial changes in its capital structure. In contrast, SLT PLC maintains a steady ratio between 48% and 50% reflecting a more stable approach to financial management.

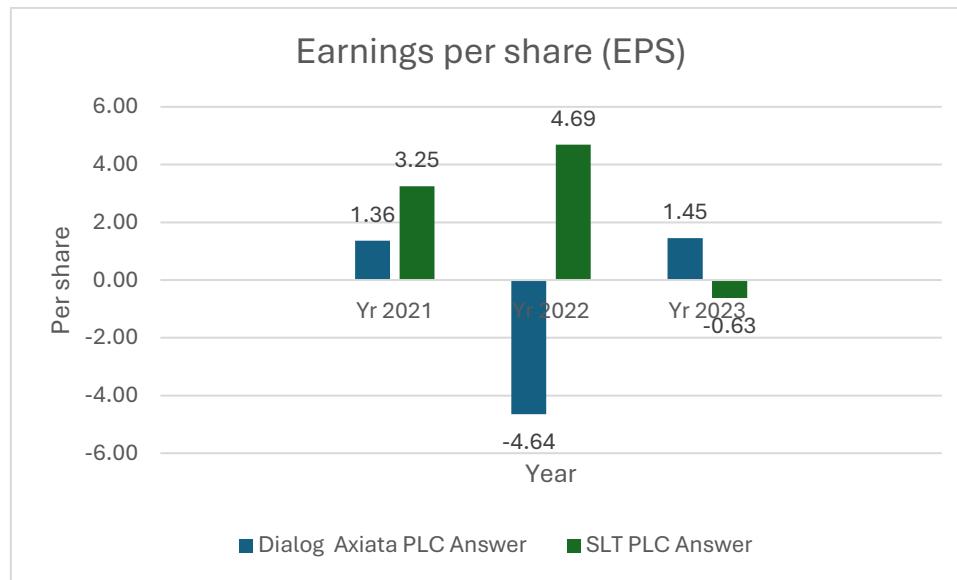
- Interest cover ratio



The interest cover ratio gauges a company's ability to meet its interest expenses with its operating profit. This is calculated by dividing operating profit by interest payable. A higher ratio signifies strong financial stability, while a lower ratio indicates potential difficulties in covering interest payments. Analyzing the bar graph of interest cover ratios for Dialog Axiata PLC and SLT PLC reveals notable differences. Dialog Axiata PLC's bar graph shows a peak of 8.6 in 2021 suggesting robust interest coverage. However, the 2022 bar drops to zero highlighting an inability to cover interest expenses, before rising to 1.3 in 2023. In contrast SLT PLC's ratios remain low with 0.9 in 2021, 0.8 in 2022 and 0.4 in 2023 reflecting a consistent struggle with interest coverage.

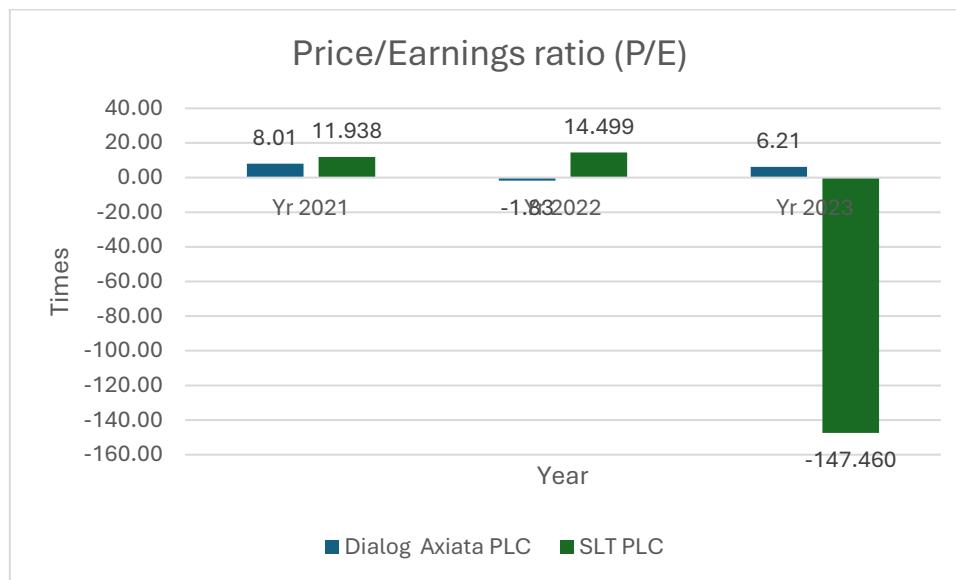
5. Investment potential

- Earnings per Share (EPS)



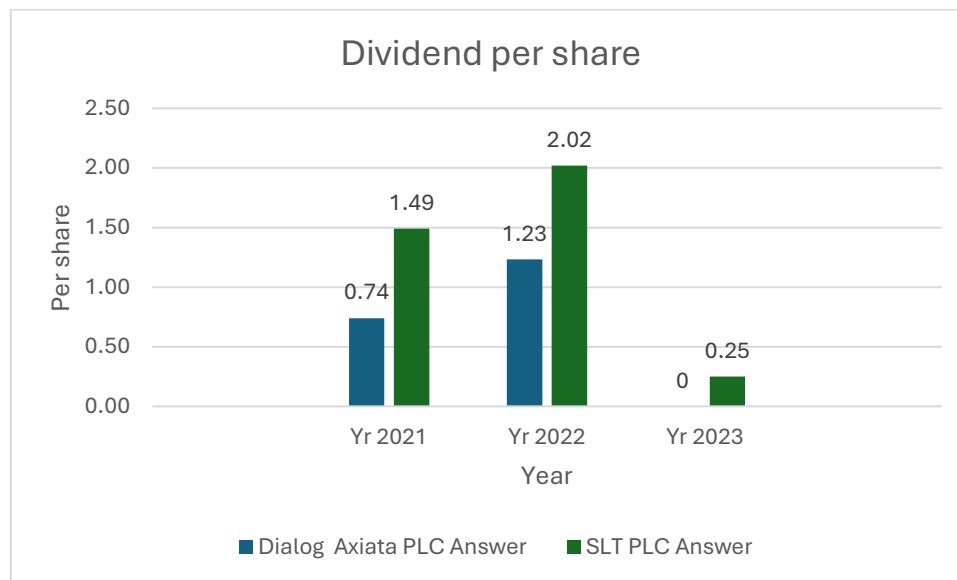
Earnings per Share (EPS) is a financial metric that shows the portion of a company's profit allocated to each outstanding share of common stock. This is calculated by dividing profit for the year by the number of ordinary shares. It helps investors assess a company's profitability and compare financial performance. The bar graph shows earnings per Share of Dialog Axiata PLC and SLT PLC from 2021 to 2023. Dialog Axiata PLC's EPS exhibits considerable volatility. The bar for Dialog Axiata PLC is moderately high at 1.36 in 2021 but plunges to -4.64 in 2022, before recovering to 1.45 in 2023. In contrast SLT PLC shows a more stable trend with an EPS of 3.25 in 2021, rising to 4.69 in 2022 and declining to -0.63 in 2023. The graph highlights Dialog Axiata PLC's erratic performance compared to SLT PLC'S general upward trajectory.

- Price/Earnings ratio (P/E)



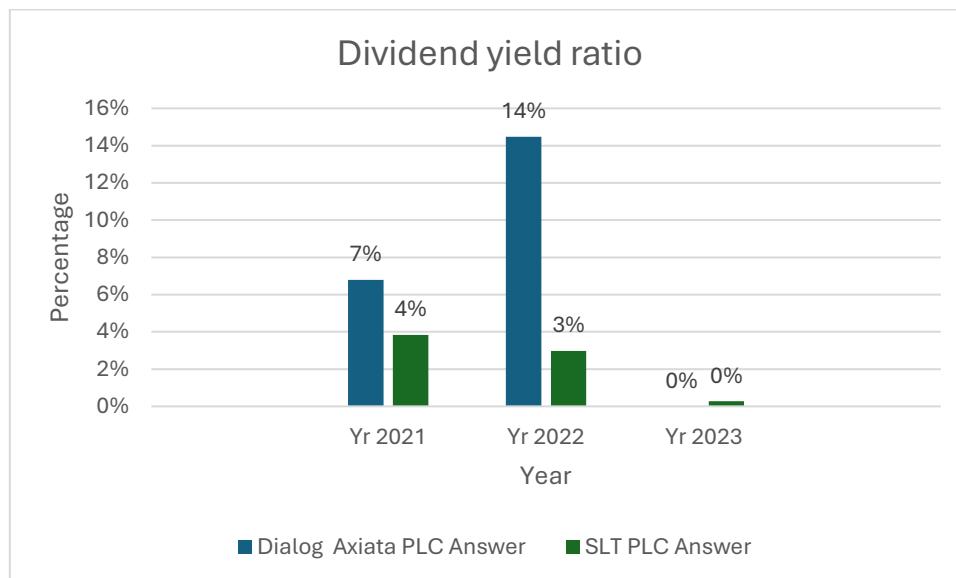
The Price/Earnings (P/E) ratio is a key financial metric used to assess a company's stock valuation by dividing the market share price by its earnings per share (EPS). It reflects how much investors are willing to pay for each dollar of earnings. A higher P/E ratio typically indicates higher possibility of future growth, while a lower ratio may suggest undervaluation or reduced growth prospects. Examining the bar graph for Dialog Axiata PLC and SLT PLC reveals distinct patterns. Dialog Axiata PLC's P/E ratios are relatively stable with values of 8.01 in 2021, a negative -1.83 in 2022 and 6.21 in 2023. Conversely SLT PLC shows higher ratios of 11.938 in 2021 and 14.499 in 2022, but a severe drop to -147.460 in 2023 signaling a significant downturn. This visual comparison illustrates Dialog Axiata PLC's relatively stable P/E ratios compared to SLT PLC's sharp decline, indicating a period of severe financial distress for the latter.

- Dividend per share



Dividend per share (DPS) is a key financial metric representing the amount a company pays out to shareholders for each share owned. This is calculated by dividing dividends by number of ordinary shares. It reflects the company's profitability and its commitment to shareholder returns. When analyzing the bar graph of DPS for Dialog Axiata PLC and SLT PLC, Dialog Axiata PLC shows a rise from 0.74 in 2021 to 1.23 in 2022, but then drops to zero in 2023, indicating a suspension of dividends. Conversely SLT PLC's bars display a consistent payout, starting at 1.49 in 2021, increasing to 2.02 in 2022 and decreasing to 0.25 in 2023. This contrast suggests Dialog Axiata PLC's dividend policy is more variable, while SLT PLC's dividends demonstrate greater stability despite a decline in the final year.

- Dividend yield ratio



The dividend yield ratio measures the annual dividend payment as a percentage of a company's stock price. This is calculated by dividing the dividend per share by the market share price. It indicates the income return from owning the stock relative to its price. A higher yield suggests a better return, while a lower yield may signal reduced dividends or a higher stock price. Analyzing the bar graph of dividend yield ratios for Dialog Axiata PLC and SLT PLC reveals distinct trends. Dialog Axiata PLC's yield surged from 7% in 2021 to 14% in 2022 but fell to 0% in 2023 reflecting a halt in dividend payments. In contrast SLT PLC's yield decreased more steadily from 4% in 2021 to 3% in 2022, before also dropping to 0% in 2023 highlighting a more gradual decline compared to Dialog Axiata PLC's fluctuations.

Limitations of the analysis

Ratio analysis is a powerful tool for evaluating the financial performance and condition of a company. However, several limitations can affect the accuracy and relevance of the analysis. One significant limitation is the inconsistency in the units of measurement between the companies being compared. In this case Dialog's figures are in thousands, while SLT's figures are in millions. This discrepancy can lead to misinterpretation of the results if not properly adjusted or normalized. Additionally, ratio analysis relies heavily on historical financial data which may not accurately reflect the current or future financial health of the companies due to changes in market conditions, economic factors or internal business strategies. Furthermore, ratio analysis does not account for qualitative factors such as management expertise, market competition or regulatory changes, which can significantly impact a company's performance. Lastly, different accounting policies and practices between companies can lead to variations in financial statements making direct comparisons challenging. These limitations highlight the importance of complementing ratio analysis with other qualitative and quantitative assessment methods to obtain a comprehensive understanding of a company's financial position.

Ratio analysis is essential for several financial management and decision-making tasks. It facilitates comparisons by evaluating a company's financial performance against industry peers. By comparing financial ratios like the Price/Earnings ratio with competitors, management can identify market gaps and assess competitive advantages, strengths and weaknesses of the company and ultimately aiding strategic decision-making. Additionally, ratio analysis helps in identifying trends in financial performance. By examining data over multiple reporting periods, companies can predict future performance and anticipate financial challenges that single-period ratios might miss. Moreover, ratio analysis assesses operational efficiency enabling management to evaluate the use of assets and liabilities. This helps in identifying and eliminating unnecessary expenses due to inefficient asset utilization and ensures financial resources are properly utilized avoiding overutilization or underutilization (CFI Team, 2024).

Conclusion

Dialog Axiata PLC excels in gross profit margin, reflecting better cost management compared to SLT PLC. However, Dialog Axiata PLC shows significant volatility in its operating profit margin, ROSF, and ROCE, indicating inconsistent operational and capital efficiency. Conversely SLT PLC, while having lower profitability ratios, offers more stable performance. This suggests higher potential returns with higher financial risk from Dialog Axiata PLC and more predictable results from SLT PLC.

Regarding liquidity, Dialog Axiata PLC has improved its short-term obligations coverage, enhancing overall liquidity. While SLT PLC's liquidity has declined, signaling challenges in covering short term liabilities. This highlights effective liquidity measures of Dialog Axiata PLC and a need for SLT PLC to address its weakening financial position.

Dialog Axiata PLC shows initial improvements in inventory turnover but faces issues with receivables collection and fluctuating payables settlement periods. SLT PLC exhibits stable but less efficient inventory and receivables management, while effectively managing trade payables. Dialog Axiata PLC's mixed performance points to the need for better inventory and receivables management, whereas SLT PLC's approach highlights steady but gradual operational efficiency improvements.

Dialog Axiata PLC's fluctuating gearing and variable interest cover ratios indicate a riskier financial stance with periods of high leverage. SLT PLC maintains a stable gearing ratio but struggles with low interest cover ratios, reflecting ongoing challenges in interest expense management. Overall, Dialog Axiata PLC is more aggressive financially, while SLT PLC maintains a steadier capital structure but faces interest coverage issues.

In investment ratio, Dialog Axiata PLC's financial metrics display higher volatility compared to SLT PLC, which exhibits more stable trends in EPS, DPS and dividend yield. Investors seeking high profitability with growth potential may consider Dialog Axiata PLC, bearing in mind its financial volatility. Alternatively, conservative investors who prioritize stability may prefer SLT PLC due to its consistent profitability, stable liquidity, and reliable dividend payments.

Individual reflective Statement

By completing this assignment I have developed several key skills that will be invaluable in both my academic and professional life. One of the primary skills I have improved is time management. Balancing this extensive work with my other responsibilities required careful planning and discipline and it greatly improved my ability to manage multiple projects simultaneously. I also gained a deeper understanding of the utility and use of ratio analysis. This analytical tool has proven essential and invaluable in assessing a company's financial position, enabling me to make a more informed assessment of the company's performance and areas for improvement. Working with financial statements has deepened my ability to accurately interpret business insights and make meaningful conclusions. Moreover, this assignment involved significant online research, which enhanced my expertise in gathering and synthesizing information from various digital sources. Given the increasing trend towards remote work and online collaboration, this skill is especially relevant and valuable for my future endeavors. Finally, I also developed proficiency in presenting information clearly and concisely. This is an essential skill for effectively communicating complex ideas. Overall, these skills not only contributed to the successful completion of this assignment, but also prepared me for my future academic and professional challenges.

Appendix

Extracts from Dialog Axiata PLC Annual Report 2021

Statement of Financial Position

(all amounts in Sri Lanka Rupees thousands)

Note	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets	7	16,857,691	17,468,592	6,081,492
Contract costs assets	26(c)(i)	10,909,988	7,841,872	2,613,195
Property, plant and equipment	8	127,452,429	118,475,106	91,360,686
Right-of-use assets	9(a)(i)	7,346,093	5,135,935	7,189,509
Deferred tax assets	23(a)	181,816	173,503	-
Investment in subsidiaries	10	-	-	50,621,104
Investment in associates	11	183,025	127,655	-
Other financial assets	13	1,469,431	544,099	-
		164,400,473	149,766,762	157,865,986
				146,494,174
Current assets				
Inventories	14	3,712,248	1,166,018	216,670
Trade and other receivables	15	26,994,303	19,475,762	21,340,503
Other financial assets	13	1,814,547	624,011	-
Cash and cash equivalents	16	22,078,857	16,660,136	18,488,499
		54,599,955	37,925,927	40,045,672
				34,263,762
Total assets		219,000,428	187,692,689	197,911,658
				180,757,936
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	17	28,855,862	28,467,285	28,855,862
Reserves	18	64,731,300	53,745,783	68,176,351
Non-controlling interest		(72,275)	(10,006)	-
Total equity		93,514,887	82,203,062	97,032,213
				91,586,175
LIABILITIES				
Non-current liabilities				
Borrowings	21	10,477,656	19,721,329	8,319,323
Contract liabilities	26(c)(ii)	1,921,962	1,614,099	857,022
Deferred revenue	22	408,132	565,653	408,132
Lease liabilities	9(a)(ii)	6,255,902	4,339,514	6,078,964
Other financial liabilities	20	86,947	30,700	-
Employee benefit payables	24	1,690,014	1,604,196	1,300,150
Provision for other liabilities	25	2,129,209	1,984,542	1,873,587
Deferred tax liability	23(a)	22,448	108	-
		22,992,270	29,860,141	18,837,178
				27,070,243
Current liabilities				
Trade and other payables	19	56,985,403	44,700,230	44,254,044
Borrowings	21	31,357,958	20,704,582	26,531,973
Other financial liabilities	20	689,685	486,673	-
Lease liabilities	9(a)(ii)	1,457,784	1,627,689	1,422,379
Contract liabilities	26(c)(ii)	10,989,578	7,201,266	8,852,736
Current income tax liabilities		1,012,863	909,046	981,135
		102,493,271	75,629,486	82,042,267
Total liabilities		125,485,541	105,489,627	100,879,445
				89,171,761
Total equity and liabilities		219,000,428	187,692,689	197,911,658
				180,757,936
Net assets per share (Rs.)		11.40	10.06	11.83
				11.20

The notes on pages 83 to 162 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.

Mr. Yap Wai Yip
Group Chief Financial Officer

11 February 2022

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.

Dr. Hans Wijayasuriya.
Director
11 February 2022

Mr. Supun Weerasinghe
Director
11 February 2022

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees thousands)

	Note	Group		Company	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	26(a)	141,914,839	120,141,512	90,958,769	82,428,513
Direct costs	27	(80,261,683)	(68,497,031)	(42,028,347)	(39,143,395)
Gross profit		61,653,156	51,644,481	48,930,422	43,285,118
Distribution costs	27	(15,653,897)	(12,552,937)	(13,494,432)	(10,755,437)
Administrative costs	27	(22,318,503)	(20,798,576)	(18,396,568)	(15,582,094)
Net impairment losses on financial assets		(921,167)	(1,968,055)	(677,724)	(1,120,374)
Other income	29	680,416	357,977	454,450	304,541
Operating profit		23,440,005	16,682,890	16,816,148	16,131,754
Finance income	30	456,564	333,615	463,255	346,343
Finance costs	30	(2,171,042)	(2,392,791)	(1,945,330)	(2,039,379)
Net foreign exchange losses	30	(2,644,003)	(831,028)	(2,336,111)	(944,391)
Finance costs - net	30	(4,358,481)	(2,890,204)	(3,818,186)	(2,637,427)
Share of loss of associates - net of tax	11	(28,765)	(4,221)	-	-
Profit before income tax		19,052,759	13,788,465	12,997,962	13,494,327
Income tax expense	31	(2,033,991)	(1,785,779)	(1,846,881)	(1,754,771)
Profit for the year		17,018,768	12,002,686	11,151,081	11,739,556
Other comprehensive income					
Items that will not be reclassified					
to profit or loss:					
- changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		(13,010)	(83,740)	-	-
- remeasurements of defined benefit obligation, net of tax		102,539	(221,507)	73,229	(158,204)
Other comprehensive income for the year, net of tax		89,529	(305,247)	73,229	(158,204)
Total comprehensive income for the year		17,108,297	11,697,439	11,224,310	11,581,352
Profit / (loss) for the year is attributable to:					
- owners of the Company		17,060,812	12,034,129	11,151,081	11,739,556
- non-controlling interest		(42,044)	(31,443)	-	-
Total comprehensive income for the year is attributable to:					
- owners of the Company		17,151,777	11,737,065	11,224,310	11,581,352
- non-controlling interest		(43,480)	(39,626)	-	-
Earnings per share					
- basic	32(a)(i)	2.08	1.48	1.36	1.44
- diluted	32(a)(ii)	2.06	1.46	1.35	1.43

The notes on pages 83 to 162 form an integral part of these financial statements.

Company Statement of Changes in Equity

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the Company		
		Stated capital	Reserves	Total equity
Balance at 1 January 2021		28,467,285	63,118,890	91,586,175
Profit for the year		- 11,151,081	11,151,081	
Other comprehensive income		- 73,229	73,229	
Total comprehensive income for the year		- 11,224,310	11,224,310	
Employee share scheme - value of employee services		- 290,178	290,178	
Dividends to equity shareholders	32(b)	- (6,068,450)	(6,068,450)	
Transfer from share-based payment reserve upon vesting		388,577	(388,577)	-
Balance at 31 December 2021		28,855,862	68,176,351	97,032,213
Balance at 1 January 2020		28,103,913	55,658,646	83,762,559
Profit for the year		- 11,739,556	11,739,556	
Other comprehensive income		- (158,204)	(158,204)	
Total comprehensive income for the year		- 11,581,352	11,581,352	
Employee share scheme - value of employee services		- 558,467	558,467	
Dividends to equity shareholders	32(b)	- (4,316,203)	(4,316,203)	
Transfer from share-based payment reserve upon vesting		363,372	(363,372)	-
Balance at 31 December 2020		28,467,285	63,118,890	91,586,175

The notes on pages 83 to 162 form an integral part of these financial statements.

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
Current				
Trade receivables	20,001,238	16,835,167	9,762,337	9,712,511
Less: provision for impairment of trade receivables	(5,101,534)	(5,712,410)	(2,492,724)	(2,909,641)
Net trade receivables	14,899,704	11,122,757	7,269,613	6,802,870
Receivables from related companies	3,134,128	2,835,785	9,030,134	11,486,673
Less: provision for impairment of receivables from related companies	(350,537)	(217,479)	(451,990)	(492,543)
Net receivables from related companies [Note 37(d)]	2,783,591	2,618,306	8,578,144	10,994,130
Prepayments	1,004,953	1,063,849	739,330	783,101
Other receivables	8,306,055	4,670,850	4,753,416	1,853,689
At 31 December	26,994,303	19,475,762	21,340,503	20,433,790

- (a) Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.
- (b) Receivables from related companies result from related party transactions entered in the normal course of business and at prices available at negotiated terms. Provision for impairment of receivables from related companies reflect the expected credit losses, in accordance with SLFRS 9, 'Financial Instruments'.
- (c) Trade receivables by credit quality are as follows:

	Group		Company	
	2021	2020	2021	2020
Current				
Current	4,487,402	5,331,506	1,850,107	3,648,936
Past due but not impaired (Note 15 (d))	10,412,302	5,791,251	5,419,506	3,153,934
Impaired (Note 15 (e))	5,101,534	5,712,410	2,492,724	2,909,641
At 31 December	20,001,238	16,835,167	9,762,337	9,712,511

Past due but not impaired trade receivable balances of the Group and the Company have not been impaired as there has not been a significant change in credit quality and the Directors believe that overdue amounts are fully recoverable.

(b) Movement in shares

	Number of ordinary shares
At 1 January 2021	8,173,809,105
Share issue during the year [Note 17 (d)]	26,798,400
At 31 December 2021	8,200,607,505
At 1 January 2020	8,143,778,405
Share issue	30,030,700
At 31 December 2020	8,173,809,105

- (c) The holders of ordinary shares have the right to receive dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.
- (d) Further to the Long-Term Incentive Plan ("LTIP") established by the Company to reward and retain high performing employees of the Company and its subsidiaries and pursuant to satisfying the vesting conditions pertaining to Grant 2 of the LTIP, a total of 26,798,400 ordinary shares in the Company were allotted and issued to the eligible employees on 19 April 2021 for non-cash consideration at a price of Rs.14.50 per share.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
Trade payables	21,132,986	9,123,214	13,357,215	6,022,211
Amounts due to ultimate parent company [Note 37(e)]	2,047,273	1,759,631	2,047,273	1,759,631
Amounts due to related companies [Note 37(e)]	758,691	1,658,209	3,601,832	2,143,182
Deferred income (Note 22)	160,398	176,032	160,398	176,032
Accrued expenses	25,226,400	28,013,350	21,618,718	22,426,094
Customer deposits	1,164,348	1,366,345	1,028,657	1,038,388
Other payables	6,495,307	2,603,449	2,439,951	2,031,151
	56,985,403	44,700,230	44,254,044	35,596,689

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

DIAL Share Information

	2021	Q4	Q3	Q2	Q1	2020
Share Information						
Highest Price (Rs)	13.3	11.4	12.4	13.3	13.2	12.9
Lowest Price (Rs)	10.6	10.7	10.6	12.0	11.9	7.9
Closing Price (Rs)	10.9	10.9	10.8	12.2	13.0	12.4
Trading Statistics						
Number of Transactions	29,221	6,430	12,778	4,498	5,515	29,531
% of Total Market Transactions	0.4%	0.2%	0.6%	0.4%	0.3%	1.0%
Number of Shares Traded (Mn)	340	63	58	123	97	373
% of Total Shares Traded	0.6%	0.3%	0.4%	2.0%	0.5%	1.7%
% of Public Float	24.2%	4.5%	4.1%	8.7%	6.9%	26.9%
Turnover (Rs. Mn)	4,149	696	657	1,572	1,225	4,162
Avg. Daily Turnover (Rs. Mn)	17.3	11.2	10.4	27.6	21.1	19.9
% of Total Market Turnover	0.4%	0.2%	0.2%	1.2%	0.4%	1.0%
Market Capitalisation (Rs. Mn)	89,387	89,387	88,567	100,047	106,260	101,355
% of Total Market Capitalisation	1.6%	1.6%	2.1%	2.9%	3.4%	3.4%

Table 1: Market Information on DIAL Share

Extracts from Dialog Axiata PLC Annual Report 2022

Statement of Financial Position

(all amounts in Sri Lanka Rupees thousands)

Note	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
ASSETS				
Non - current assets				
Intangible assets	7	13,317,262	16,857,691	7,119,264
Contract cost assets	26(c)(i)	10,573,568	10,909,988	2,852,882
Property, plant and equipment	8	156,236,582	127,452,429	116,246,596
Right-of-use assets	9(a)(i)	8,531,477	7,346,093	8,279,270
Deferred tax assets	23(a)	219,720	181,816	-
Investment in subsidiaries	10	-	-	39,207,068
Investment in associates	11	104,948	183,025	-
Other financial assets	13	2,228,434	1,469,431	-
		191,211,991	164,400,473	173,705,080
				157,865,986
Current assets				
Inventories	14	2,870,804	3,712,248	197,918
Trade and other receivables	15	30,920,907	26,994,303	33,625,447
Other financial assets	13	1,599,862	1,814,547	-
Cash and cash equivalents	16	40,546,906	22,078,857	30,978,618
		75,938,479	54,599,955	64,801,983
				40,045,672
Total assets	267,150,470	219,000,428	238,507,063	197,911,658
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	17	29,349,706	28,855,862	29,349,706
Reserves	18	15,866,349	64,731,300	15,136,848
Non-controlling interests		(66,107)	(72,275)	-
Total equity	45,149,948	93,514,887	44,486,554	97,032,213
LIABILITIES				
Non - current liabilities				
Borrowings	21	66,581,118	10,477,656	65,282,580
Contract liabilities	26(c)(ii)	4,945,910	1,921,962	4,208,273
Deferred income	22	283,735	408,132	283,735
Lease liabilities	9(a)(ii)	7,797,196	6,255,902	7,551,270
Other financial liabilities	20	20,544	86,947	-
Employee benefit payables	24	3,193,399	1,690,014	2,437,154
Provision for other liabilities	25	5,547,146	2,129,209	5,215,949
Deferred tax liabilities	23(a)	20,104	22,448	-
		88,389,152	22,992,270	84,978,961
				18,837,178
Current liabilities				
Trade and other payables	19	80,517,912	56,985,403	63,956,319
Borrowings	21	37,008,681	31,357,958	35,107,225
Other financial liabilities	20	3,774,729	689,685	-
Lease liabilities	9(a)(ii)	1,924,449	1,457,784	1,873,519
Contract liabilities	26(c)(ii)	8,787,804	10,989,578	6,525,075
Current income tax liabilities		1,597,795	1,012,863	1,579,410
		133,611,370	102,493,271	109,041,548
Total liabilities	222,000,522	125,485,541	194,020,509	100,879,445
Total equity and liabilities	267,150,470	219,000,428	238,507,063	197,911,658
Net assets per share (Rs.)		5.48	11.40	5.40
				11.83

The notes on pages 89 to 169 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.

Mr. Hong Zhou Wong
Group Chief Financial Officer

Date: 10/02/2023

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.

Mr. Supun Weerasinghe
Director
Date: 10/02/2023

Dr. Hans Wijayasuriya
Director
Date: 10/02/2023

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees thousands)

	Note	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2022	2021	2022	2021
Revenue	26(a)	178,130,762	141,914,839	101,372,997	90,958,769
Direct costs	27	(117,947,759)	(80,261,683)	(52,523,333)	(42,028,347)
Gross profit		60,183,003	61,653,156	48,849,664	48,930,422
Distribution costs	27	(16,477,205)	(15,653,897)	(14,016,863)	(13,494,432)
Administrative costs	27	(39,847,190)	(22,318,503)	(40,261,413)	(18,396,568)
Net impairment losses on financial assets		(1,728,411)	(921,167)	(920,605)	(677,724)
Other income	29	438,230	680,416	253,362	454,450
Operating profit / (loss)		2,568,427	23,440,005	(6,095,855)	16,816,148
Finance income	30	2,396,014	456,564	2,450,721	463,255
Finance costs	30	(5,308,623)	(2,171,042)	(5,010,147)	(1,945,330)
Net foreign exchange losses	30	(30,280,313)	(2,644,003)	(26,902,351)	(2,336,111)
Finance costs - net	30	(33,192,922)	(4,358,481)	(29,461,777)	(3,818,186)
Share of loss of associates - net of tax	11	(78,077)	(28,765)	-	-
(Loss) / profit before income tax		(30,702,572)	19,052,759	(35,557,632)	12,997,962
Income tax expense	31	(2,706,119)	(2,033,991)	(2,751,125)	(1,846,881)
(Loss) / profit for the year		(33,408,691)	17,018,768	(38,308,757)	11,151,081
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
- changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		30,550	(13,010)	-	-
- remeasurements of defined benefit obligation, net of tax		(1,266,473)	102,539	(953,909)	73,229
Other comprehensive income for the year, net of tax		(1,235,923)	89,529	(953,909)	73,229
Total comprehensive income for the year		(34,644,614)	17,108,297	(39,262,666)	11,224,310
(Loss) / profit for the year is attributable to:					
- owners of the Company		(33,387,921)	17,060,812	(38,308,757)	11,151,081
- non-controlling interest		(20,770)	(42,044)	-	-
Total comprehensive income for the year is attributable to:					
- owners of the Company		(34,623,842)	17,151,777	(39,262,666)	11,224,310
- non-controlling interest		(20,772)	(43,480)	-	-
(Loss) / earnings per share					
- Basic	32(a)(i)	(4.06)	2.08	(4.66)	1.36
- Diluted	32(a)(ii)	(4.04)	2.06	(4.63)	1.35

The notes on pages 89 to 169 form an integral part of these financial statements.

Company Statement of Changes in Equity

(all amounts in Sri Lanka Rupees thousands)

		Attributable to owners of the Company		
	Note	Stated capital	Reserves	Total equity
Balance at 1 January 2022		28,855,862	68,176,351	97,032,213
Adjustment for Surcharge tax	38	-	(3,373,582)	(3,373,582)
Adjusted balance at 1 January 2022		28,855,862	64,802,769	93,658,631
Loss for the year			- (38,308,757)	(38,308,757)
Other comprehensive income			- (953,909)	(953,909)
Total comprehensive income for the year			- (39,262,666)	(39,262,666)
Employee share scheme - value of employee services			- 259,342	259,342
Dividends to equity shareholders	32(b)		- (10,168,753)	(10,168,753)
Transfer from share-based payment reserve upon vesting		493,844	(493,844)	-
Balance at 31 December 2022		29,349,706	15,136,848	44,486,554
Balance at 1 January 2021		28,467,285	63,118,890	91,586,175
Profit for the year			- 11,151,081	11,151,081
Other comprehensive income			- 73,229	73,229
Total comprehensive income for the year			- 11,224,310	11,224,310
Employee share scheme - value of employee services			- 290,178	290,178
Dividends to equity shareholders	32(b)		- (6,068,450)	(6,068,450)
Transfer from share-based payment reserve upon vesting		388,577	(388,577)	-
Balance at 31 December 2021		28,855,862	68,176,351	97,032,213

The notes on pages 89 to 169 form an integral part of these financial statements.

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
Current				
Trade receivables	23,468,984	20,001,238	13,190,235	9,762,337
Less: provision for impairment of trade receivables	(6,049,841)	(5,101,534)	(2,881,904)	(2,492,724)
Net trade receivables	17,419,143	14,899,704	10,308,331	7,269,613
Receivables from related companies	3,438,047	3,134,128	20,421,999	9,030,134
Less: provision for impairment of receivables from related companies	(28,693)	(350,537)	(556,892)	(451,990)
Net receivables from related companies [Note 37(d)]	3,409,354	2,783,591	19,865,107	8,578,144
Prepayments	1,052,010	1,004,953	760,237	739,330
Other receivables	9,040,400	8,306,055	2,691,772	4,753,416
At 31 December	30,920,907	26,994,303	33,625,447	21,340,503

- (a) Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.
- (b) Receivables from related companies result from related party transactions entered in the normal course of business and at prices available at negotiated terms. Provision for impairment of receivables from related companies reflect the expected credit losses, in accordance with SLFRS 9, 'Financial Instruments'.
- (c) Trade receivables by credit quality are as follows:

	Group		Company	
	2022	2021	2022	2021
Current	9,729,175	4,487,402	7,137,288	1,850,107
Past due but not impaired [Note 15(d)]	7,689,968	10,412,302	3,171,043	5,419,506
Impaired [Note 15(e)]	6,049,841	5,101,534	2,881,904	2,492,724
At 31 December	23,468,984	20,001,238	13,190,235	9,762,337

Past due but not impaired trade receivable balances of the Group and the Company have not been impaired as there has not been a significant change in credit quality and the Directors believe that overdue amounts are fully recoverable.

(b) Movement in shares

	Number of ordinary shares
At 1 January 2022	8,200,607,505
Share issue during the year [Note 17(d)]	47,032,800
At 31 December 2022	8,247,640,305
At 1 January 2021	8,173,809,105
Share issue during the year [Note 17(d)]	26,798,400
At 31 December 2021	8,200,607,505

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
Trade payables	27,962,664	21,132,986	18,875,815	13,357,215
Amounts due to ultimate parent company [Note 37(e) - excluding borrowings]	2,144,927	2,047,273	2,144,927	2,047,273
Amounts due to related companies [Note 37(e)]	11,428,850	758,691	9,872,304	3,601,832
Deferred income (Note 22)	128,464	160,398	128,464	160,398
Accrued expenses	22,713,750	25,226,400	20,556,453	21,618,718
Customer deposits	1,106,138	1,164,348	974,007	1,028,657
Other payables	15,033,119	6,495,307	11,404,349	2,439,951
	80,517,912	56,985,403	63,956,319	44,254,044

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

	2022	Q4	Q3	Q2	Q1	2021
Share Information						
Highest Price (Rs)	12.9	9.8	9.2	10.3	12.9	13.3
Lowest Price (Rs)	7.9	7.9	8.1	8.4	9.9	10.6
Closing Price (Rs)	8.5	8.5	8.6	8.5	10.0	10.9
Trading Statistics						
Number of Transactions	34,831	5,392	7,723	6,745	14,971	29,221
% of Total Market Transactions	0.6%	0.5%	0.4%	0.9%	0.6%	0.4%
Number of Shares Traded (Mn)	352	60	54	69	170	340
% of Total Shares Traded	1.2%	1.3%	0.7%	1.7%	1.3%	0.6%
% of Public Float	24.2%	4.1%	3.7%	4.8%	11.7%	24.2%
Turnover (Rs Mn)	3,571	531	469	651	1,920	4,149
Avg. Daily Turnover (Rs Mn)	15.5	8.8	7.3	13.3	33.1	17.3
% of Total Market Turnover	0.5%	0.4%	0.2%	0.9%	0.6%	0.4%
Market Capitalisation (Rs Mn)	70,105	70,105	70,930	70,105	82,006	89,387
% of Total Market Capitalisation	1.8%	1.8%	1.7%	2.0%	2.6%	1.6%

Table 1: Market Information on **DIAL Share**

Extracts from Dialog Axiata PLC Annual Report 2023

Statement of Financial Position

(all amounts in Sri Lanka Rupees thousands)

As at 31 December	Note	Group 2023	Group 2022	Company 2023	Company 2022
ASSETS					
Non - current assets					
Intangible assets	7	17,454,309	13,317,262	11,493,089	7,119,264
Contract cost assets	26(c)(i)	12,241,671	10,573,568	3,852,701	2,852,882
Property, plant and equipment	8	151,278,847	156,236,582	112,289,708	116,246,596
Right-of-use assets	9(a)(i)	8,312,349	8,531,477	8,100,888	8,279,270
Deferred tax assets	23(a)	304,966	219,720	-	-
Investment in subsidiaries	10	-	-	39,207,068	39,207,068
Investment in associates	11	34,585	104,948	-	-
Other financial assets	13	2,967,502	2,228,434	-	-
		192,594,229	191,211,991	174,943,454	173,705,080
Current assets					
Inventories	14	3,035,674	2,870,804	590,481	197,918
Trade and other receivables	15	47,534,230	30,920,907	35,872,078	33,625,447
Other financial assets	13	2,469,869	1,599,862	-	-
Cash and cash equivalents	16	40,613,115	40,546,906	28,494,858	30,978,618
		93,652,888	75,938,479	64,957,417	64,801,983
Total assets		286,247,117	267,150,470	239,900,871	238,507,063
EQUITY					
Capital and reserves attributable to equity holders					
Stated capital	17	29,349,706	29,349,706	29,349,706	29,349,706
Reserves	18	37,031,245	15,866,349	27,749,456	15,136,848
Equity attributable to equity holders		66,380,951	45,216,055	57,099,162	44,486,554
Non-controlling interests		(44,189)	(66,107)	-	-
Total equity		66,336,762	45,149,948	57,099,162	44,486,554
LIABILITIES					
Non - current liabilities					
Borrowings	21	67,674,317	66,581,118	63,626,373	65,282,580
Contract liabilities	26(c)(ii)	5,701,768	4,945,910	4,602,154	4,208,273
Deferred income	22	350,828	283,735	350,828	283,735
Lease liabilities	9(a)(ii)	7,871,095	7,797,196	7,645,323	7,551,270
Other financial liabilities	20	164,447	20,544	-	-
Employee benefit payables	24	2,095,107	3,193,399	1,467,253	2,437,154
Provision for other liabilities	25	3,434,609	5,547,146	3,071,880	5,215,949
Deferred tax liabilities	23(a)	201,982	20,104	-	-
		87,494,153	88,389,152	80,763,811	84,978,961
Current liabilities					
Trade and other payables	19	66,786,599	80,517,912	49,714,487	63,956,319
Borrowings	21	55,091,099	37,008,681	44,818,512	35,107,225
Other financial liabilities	20	1,672,808	3,774,729	-	-
Lease liabilities	9(a)(ii)	777,596	1,924,449	738,978	1,873,519
Contract liabilities	26(c)(ii)	6,667,964	8,787,804	5,487,863	6,525,075
Current income tax liabilities		1,420,136	1,597,795	1,278,058	1,579,410
		132,416,202	133,611,370	102,037,898	109,041,548
Total liabilities		219,910,355	222,000,522	182,801,709	194,020,509
Total equity and liabilities		286,247,117	267,150,470	239,900,871	238,507,063
Net assets per share (Rs.)		8.04	5.48	6.92	5.40

The notes on pages 93 to 170 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.

Mr. Yap Wai Yip
Acting Group Chief Financial Officer

16 February 2024

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.

Mr. Supun Weerasinghe
Director
16 February 2024

Dr. Hans Wijayasuriya
Director
16 February 2024

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees thousands)

For the year ended 31 December	Note	Group		Company	
		2023	2022	2023	2022
Revenue	26(a)	187,813,228	178,130,762	102,932,077	101,372,997
Direct costs	27	(122,054,105)	(117,947,759)	(54,221,673)	(52,523,333)
Gross profit		65,759,123	60,183,003	48,710,404	48,849,664
Distribution costs	27	(18,001,764)	(16,477,205)	(15,145,873)	(14,016,863)
Administrative costs	27	(26,602,505)	(39,847,190)	(21,708,674)	(40,261,413)
Net impairment loss on financial assets		(898,845)	(1,728,411)	(589,318)	(920,605)
Other income	29	617,525	438,230	135,239	253,362
Operating profit / (loss)		20,873,534	2,568,427	11,401,778	(6,095,855)
Finance income	30	1,979,588	2,396,014	2,196,946	2,450,721
Finance costs	30	(10,051,168)	(5,308,623)	(8,878,602)	(5,010,147)
Net foreign exchange gain / (loss)	30	10,213,517	(30,280,313)	9,991,313	(26,902,351)
Finance income / (costs) - net	30	2,141,937	(33,192,922)	3,309,657	(29,461,777)
Share of loss of associates - net of tax	11	(70,363)	(78,077)	-	-
Profit / (loss) before income tax		22,945,108	(30,702,572)	14,711,435	(35,557,632)
Income tax expense	31	(2,832,251)	(2,706,119)	(2,713,480)	(2,751,125)
Profit / (loss) for the year		20,112,857	(33,408,691)	11,997,955	(38,308,757)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
- Fair value gain / (loss) on investments in equity instruments designated as at fair value through other comprehensive income, net of tax		251,292	30,550	-	-
- remeasurements of defined benefit obligation, net of tax		984,115	(1,266,473)	773,514	(953,909)
Other comprehensive income for the year, net of tax		1,235,407	(1,235,923)	773,514	(953,909)
Total comprehensive income for the year		21,348,264	(34,644,614)	12,771,469	(39,262,666)
Profit / (loss) for the year attributable to:					
- owners of the Company		20,124,094	(33,387,921)	11,997,955	(38,308,757)
- non-controlling interest		(11,237)	(20,770)	-	-
Total comprehensive income for the year attributable to:					
- owners of the Company		21,342,511	(34,623,842)	12,771,469	(39,262,666)
- non-controlling interest		5,753	(20,772)	-	-
Earnings / (loss) per share					
- Basic	32(a)(i)	2.44	(4.06)	1.45	(4.66)
- Diluted	32(a)(ii)	2.44	(4.04)	1.45	(4.63)

The notes on page 93 to 170 form an integral part of these financial statements.

Company Statement of Changes in Equity

(all amounts in Sri Lanka Rupees thousands)

Note	Attributable to owners of the Company		
	Stated capital	Reserves	Total equity
Balance at 1 January 2023	29,349,706	15,136,848	44,486,554
Profit for the year	-	11,997,955	11,997,955
Other comprehensive income	-	773,514	773,514
Total comprehensive income for the year	-	12,771,469	12,771,469
Transfer from share-based payment reserve upon cancellation the payment plan	-	(158,861)	(158,861)
Balance at 31 December 2023	29,349,706	27,749,456	57,099,162
Balance at 1 January 2022	28,855,862	68,176,351	97,032,213
Adjustment for surcharge tax	-	(3,373,582)	(3,373,582)
Adjusted balance at 1 January 2022	28,855,862	64,802,769	93,658,631
Loss for the year	-	(38,308,757)	(38,308,757)
Other comprehensive income	-	(953,909)	(953,909)
Total comprehensive income for the year	-	(39,262,666)	(39,262,666)
Employee share scheme - value of employee services	-	259,342	259,342
Dividends to equity shareholders	32(b)	- (10,168,753)	(10,168,753)
Transfer from share-based payment reserve upon vesting	493,844	(493,844)	-
Balance at 31 December 2022	29,349,706	15,136,848	44,486,554

The notes on pages 93 to 170 form an integral part of these financial statements.

15 TRADE AND OTHER RECEIVABLES

	Group	Company		
	2023	2022	2023	2022
Current				
Trade receivables	32,504,629	23,468,984	19,058,564	13,190,235
Less: provision for impairment of trade receivables	(7,117,428)	(6,049,841)	(3,393,237)	(2,881,904)
Net trade receivables	25,387,201	17,419,143	15,665,327	10,308,331
Receivables from related companies	8,544,000	3,438,047	11,809,997	20,421,999
Less: provision for impairment of receivables from related companies	(655,147)	(28,693)	(653,787)	(556,892)
Net receivables from related companies [Note 37(d)]	7,888,853	3,409,354	11,156,210	19,865,107
Prepayments	2,350,715	1,052,010	976,401	760,237
Other receivables	11,907,461	9,040,400	8,074,140	2,691,772
At 31 December	47,534,230	30,920,907	35,872,078	33,625,447

- (a) Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.
- (b) Receivables from related companies result from related party transactions entered in the normal course of business and at prices available at negotiated terms. Provision for impairment of receivables from related companies reflect the expected credit losses, in accordance with SLFRS 9, 'Financial Instruments'.
- (c) Trade receivables by credit quality are as follows:

	Group	Company	
	2023	2022	2023
Current	11,803,911	9,729,175	8,394,877
Past due but not impaired [Note 15(d)]	13,583,290	7,689,968	7,270,450
Impaired [Note 15(e)]	7,117,428	6,049,841	3,393,237
At 31 December	32,504,629	23,468,984	19,058,564
			13,190,235

Past due but not impaired trade receivable balances of the Group and the Company have not been impaired as there has not been a significant change in credit quality and the Management believe that overdue amounts are fully recoverable.

(b) Movement in shares

	Number of ordinary shares
At 1 January 2023	8,247,640,305
At 31 December 2023	8,247,640,305
At 1 January 2022	8,200,607,505
Share issue during the year	47,032,800
At 31 December 2022	8,247,640,305

- (c) The holders of ordinary shares have the right to receive dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
Trade payables	19,076,714	27,962,664	7,128,008	18,875,815
Amounts due to ultimate parent company [Note 37(e) - excluding borrowings]	307,037	2,144,927	3,732,743	2,144,927
Amounts due to related companies [Note 37(e)]	5,618,163	11,428,850	4,885,359	9,872,304
Deferred income (Note 22)	106,499	128,464	106,499	128,464
Accrued expenses	27,824,654	22,713,750	22,069,772	20,556,453
Customer deposits	1,031,358	1,106,138	896,476	974,007
Other payables	12,822,174	15,033,119	10,895,630	11,404,349
	66,786,599	80,517,912	49,714,487	63,956,319

	2023	Q4	Q3	Q2	Q1	2022
Share Information						
Highest Price (Rs.)	12.2	10.9	12.2	11.1	10.9	12.9
Lowest Price (Rs.)	8.5	8.8	10.4	9.8	8.5	7.9
Closing Price (Rs.)	9.0	9.0	11.0	10.3	10.5	8.5
Trading Statistics						
Number of Transactions	21,857	5,418	5,451	5,332	5,656	34,831
% of Total Market Transactions	0.4%	1.0%	0.4%	0.8%	0.2%	0.6%
Number of Shares Traded (Mn)	397	46	111	141	99	352
% of Total Shares Traded	2.3%	1.7%	1.9%	5.0%	1.8%	1.2%
% of Public Float	27.3%	3.1%	7.6%	9.7%	6.8%	24.2%
Turnover (Rs. Mn)	4,186	433	1,254	1,502	996	3,571
Avg. Daily Turnover (Rs. Mn)	17.3	6.9	20.9	26.4	16.1	15.5
% of Total Market Turnover	1.0%	0.7%	0.7%	2.6%	0.8%	0.4%
Market Capitalisation (Rs. Mn)	74,229	74,229	90,724	84,951	86,600	70,105
% of Total Market Capitalisation	1.7%	1.7%	2.0%	2.2%	2.2%	1.8%

Extracts from Sri Lanka Telecom PLC Annual Report 2021

Annual Report 2021 | 123

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2021	2020	2021	2020
Revenue	6	102,348	91,119	59,811	51,552
Direct costs	7	(56,482)	(50,436)	(34,919)	(29,162)
Gross profit		45,866	40,683	24,892	22,390
Sales and marketing costs	7	(11,157)	(10,209)	(5,599)	(4,720)
Administrative costs	7	(20,865)	(18,842)	(15,957)	(14,168)
Operating profit		13,844	11,632	3,336	3,502
Other income		1,084	880	1,293	1,261
Dividend income		-	-	1,489	1,001
Interest expense and finance costs	9	(3,022)	(2,902)	(1,825)	(1,391)
Foreign exchange (loss) / gain	9.a	(482)	(1,203)	76	(727)
Interest income	10	1,308	1,232	630	819
Share of profit from associate company	16.2	86	74	86	74
Profit before tax		12,818	9,713	5,085	4,539
Income tax (expenses) / reversal	11	(657)	(1,832)	780	(520)
Profit for the year		12,161	7,881	5,865	4,019
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent period					
Net movement on cash flow hedges	12	-	501	-	471
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial gains / (losses)	28	397	(473)	169	(426)
Tax on other comprehensive income	11	(150)	114	(116)	119
Other comprehensive income for the year net of tax		247	142	53	164
Total comprehensive income for the year		12,408	8,023	5,918	4,183
Profit attributable to:					
Owners of the company		12,155	7,877	5,865	4,019
Non-controlling interest		6	4	-	-
		12,161	7,881	5,865	4,019
Total comprehensive income attributable to:					
Owners of the company		12,402	8,019	5,918	4,183
Non-controlling interest		6	4	-	-
		12,408	8,023	5,918	4,183
Earnings per share (Rs.)					
- Basic	13	6.73	4.37	3.25	2.23

The Notes on pages 129 to 196 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees million)

As at 31 December	Notes	Group		Company		
		2021	2020	2021	2020	
Assets						
Non-current assets						
Property, plant and equipment	14	141,937	137,208	105,854	100,269	
Right of use assets	14 (a)	7,815	8,750	805	78	
Intangible assets	15	7,827	8,115	2,832	2,656	
Investments in subsidiaries	16.1	-	-	14,431	14,821	
Investments in associates	16.2	214	128	214	128	
Deferred tax assets	24	181	185	-	-	
Contract assets	25(a)	878	560	233	155	
Other receivables	18	2,672	2,748	2,657	2,732	
Total non-current assets		161,524	157,694	127,026	120,839	
Current assets						
Inventories	19	2,689	3,367	2,039	2,634	
Trade and other receivables	20	26,909	27,070	18,682	17,932	
Current tax receivable		14	15	-	-	
Contract assets	25 (a)	978	778	164	97	
Other investments	17	8,310	3,666	8,288	3,646	
Cash and cash equivalents	21	17,972	11,866	1,615	1,041	
		56,872	46,762	30,788	25,350	
Assets classified as held for sale	22	1,545	-	390	-	
Total current assets		58,417	46,762	31,178	25,350	
Total assets		219,941	204,456	158,204	146,189	
Equity						
Capital and reserves						
Stated capital	30	18,049	18,049	18,049	18,049	
Insurance reserve	29	1,105	1,044	1,105	1,044	
Hedging reserve	12	-	30	-	-	
Retained earnings		74,714	65,056	46,518	43,350	
Equity attributable to equity holders of the company		93,868	84,179	65,672	62,443	
Non controlling interest		108	102	-	-	
Total equity		93,976	84,281	65,672	62,443	
Liabilities						
Non-current liabilities						
Borrowings	23	37,837	45,539	35,807	40,875	
Vendor financing	27	5,987	922	5,961	762	
Lease liability	14 (a)	6,823	7,377	613	27	
Contract liabilities	25 (b)	1,071	660	1,071	660	
Deferred income	25	1,666	1,832	1,666	1,832	
Deferred tax liabilities	24	5,627	7,346	4,870	6,936	
Employee benefits	28	4,957	5,204	4,272	4,358	
Trade and other payables	26	6,565	4,609	5,283	3,193	
Total non-current liabilities		70,533	73,489	59,543	58,643	

As at 31 December	Notes	Group		Company	
		2021	2020	2021	2020
Current liabilities					
Borrowings	23	8,752	9,518	7,256	7,117
Vendor financing	27	311	157	171	-
Lease liability	14 (a)	2,373	2,281	216	58
Contract liabilities	25 (b)	971	742	684	484
Deferred income	25	3,924	2,812	383	240
Current tax liabilities		2,075	560	1,474	73
Deferred tax liabilities	24	11	11	-	-
Trade and other payables	26	35,605	30,605	22,805	17,131
		54,022	46,686	32,989	25,103
Liabilities directly associated with assets held for sale	22	1,410	-	-	-
Total current liabilities		55,432	46,686	32,989	25,103
Total liabilities		125,965	120,175	92,532	83,746
Total equity and liabilities		219,941	204,456	158,204	146,189

The notes on pages 129 to 196 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.

Sanjeewa Samaranayake
Group Chief Financial Officer

The Board of Directors is responsible for these financial statements. These financial statements were approved by the Board of Directors on 15 March 2022.

Signed for and behalf of the board.

Rohan Fernando
Chairman

Lalith Seneviratne
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lanka Rupees million)

Company	Notes	Attributable to owners of the Company				Total equity
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	
Balance as at 1 January 2020	18,049	917	(471)	41,678	60,173	
Total comprehensive income for the year					4,019	4,019
Net profit for the year 2020	-	-	-	4,019	4,019	
Other comprehensive income						
Net movement on cash flow hedges	-	-	471	-	471	
Defined benefit plan actuarial loss, net of tax	-	-	-	(307)	(307)	
Total other comprehensive income	-	-	471	(307)	164	
Total comprehensive income for the year	-	-	471	3,712	4,183	

Transactions with owners, recorded directly in equity

Contribution by and distribution to owners

Dividends to equity shareholders	-	-	-	(1,913)	(1,913)	
Insurance reserve						
- Transfer to insurance reserve	29	-	127	-	(127)	-
Balance as at 31 December 2020		18,049	1,044	-	43,350	62,443

Attributable to owners of the Company

Company	Notes	Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity
Balance as at 1 January 2021	18,049	1,044	-	43,350	62,443	
Total comprehensive income for the year						
Net profit for the year 2021	-	-	-	5,865	5,865	
Other comprehensive income						
Defined benefit plan actuarial gain, net of tax	-	-	-	53	53	
Total other comprehensive income	-	-	-	53	53	
Total comprehensive income for the year	-	-	-	5,918	5,918	

Transactions with owners, recorded directly in equity

Contribution by and distribution to owners

Dividends to equity shareholders	-	-	-	(2,689)	(2,689)	
Insurance reserve						
- Transfer to insurance reserve	29	-	61	-	(61)	-

Balance as at 31 December 2021	18,049	1,105	-	46,518	65,672	
---------------------------------------	--------	-------	---	--------	--------	--

The notes on pages 129 to 196 form an integral part of these financial statements

9 INTEREST EXPENSE AND FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
Rupee loans [see Note (a) below]	2,744	3,969	2,509	3,887
Foreign currency loans [see Note (a) below]	-	376	-	91
Debenture	893	892	893	892
Other charges [See Note (b) below]	1,151	1,376	189	232
Total interest and finance cost	4,788	6,613	3,591	5,102
Interest capitalized [See Note (c) below]	(1,766)	(3,711)	(1,766)	(3,711)
Net total interest and finance cost	3,022	2,902	1,825	1,391

- (a) Interest cost of the company relates to the Rupee loans. Interest cost of the group relates to rupee loans, USD loans and vendor financing.
- (b) Other charges mainly include interest cost of finance leases and overdraft facilities.
- (c) Capitalization rate used for 2021 is 9.90% (2020 - 11.60%)

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
Domestic trade receivables	23,223	22,375	17,253	15,466
Foreign trade receivables	2,580	2,991	2,042	2,182
	25,803	25,366	19,295	17,648
Less: Provision for bad and doubtful receivables	(9,763)	(8,523)	(6,307)	(5,363)
Trade receivables - net	16,040	16,843	12,988	12,285
Amount due from subsidiaries [Note 34.1 (h)]	-	-	2,062	1,587
Amount due from related companies	149	158	149	158
Advances and prepayments [See Note (a) below]	8,255	6,975	2,588	2,696
Employee loans (Note 18)	703	706	701	704
Other receivables [See Note (b) below]	1,762	2,388	194	502
Amounts due within one year	26,909	27,070	18,682	17,932

- (a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers advances Rs. 1,530 Mn (2020 - Rs. 1,871 Mn), payments for software maintenance of Rs. 284 Mn (2020 - Rs. 282 Mn). Advances and prepayments of the Group mainly consist of advances on foreign & local suppliers advances Rs. 5,196 Mn. (2020 - Rs 10,029 Mn.) , payments for software maintenance of Rs. 861 Mn (2020 - Rs. 342 Mn) Prepaid TRC Frequency Rs. 610 Mn (2020 - Rs. 740 Mn) and free phone offer Rs. 295 Mn (2020 - Rs. 321 Mn.)
- (b) Other receivables of the Company consist of refundable deposits of Rs. 138 Mn (2020 - Rs. 138 Mn). Other receivables of the Group mainly consist of refundable deposits of Rs. 434 Mn (2020 - Rs. 144 Mn) and site rentals receivables from other operators Rs. 957 Mn (2020 - Rs. 725 Mn)

30 STATED CAPITAL

	Company	
	2021	2020
Issued and fully paid 1,804,860,000 ordinary shares	18,049	18,049

RATIO AND MARKET PRICE INFORMATION SHARE PRICE TREND

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Highest value (LKR)	42.90	34.80	34.50	30.00	36.70	46.40	54.90	57.30	50.00	50.00
Lowest value (LKR)	31.50	18.00	19.60	18.90	27.00	31.20	43.00	33.33	36.10	34.00
Last traded price (LKR)	38.80	33.50	31.90	23.40	28.50	36.00	47.00	49.90	37.00	44.50
Market capitalisation (LKR Bn.)	70.02	60.40	57.57	42.23	51.43	64.97	84.83	90.00	66.78	80.32

26 TRADE AND OTHER PAYABLES

	Group	Company	
	2021	2020	2021
Amounts due within one year			
Domestic trade payables	5,941	5,846	164
Foreign trade payables	3,438	1,979	1,303
Amount due to subsidiaries [Note 34.1 (h)]	-	-	4,087
Amount due to related companies [Note 34.2 (b)]	121	121	121
Capital expenditure payables [See Note (a) below]	11,985	7,999	7,040
Social security and other taxes [See Note (b) below]	574	1,039	548
Interest payable	20	71	-
Other payables [See Note (c) below]	13,526	13,550	9,542
	35,605	30,605	22,805
			17,131
Amounts due after one year			
International direct dialling and VoIP deposits	253	273	253
Advance on RDA	674	769	674
Unclaimed dividend	244	244	244
Domestic trade payables	750	893	-
Capital expenditure payables	4,644	2,430	4,112
	6,565	4,609	5,283
			3,193

- (a) Capital expenditure payables of the Company mainly consist of contractors' payables and retention of Rs. 6,633 Mn (2020 - Rs. 3,094 Mn) and advances on network restoration after road works of Rs. 407 Mn (2020 - Rs. 148 Mn). Capital expenditure payables of the Group mainly consist of contractors' payable and retention of Rs. 11,578 Mn (2020 - Rs. 7,883 Mn) and advances on network restoration after road works of Rs. 407 Mn (2020 - Rs. 148 Mn).
- (b) Social security and other taxes of the Company mainly consist of Telecommunication Levy (TL) of Rs. 178 Mn (2020 - Rs. 178 Mn), Cess Rs. 83 Mn (2020 - Rs. 78 Mn), VAT Payable of Rs. 30 Mn (2020 - Rs. 114 Mn), EPF payable of Rs. 152 Mn (2020 - Rs. 131 Mn). Social security and other taxes of the Group mainly consist of Telecommunication Levy (TL) of Rs. 312 Mn (2020- Rs. 315 Mn), Cess of Rs. 203 Mn (2020 - Rs. 195 Mn), VAT payable of Rs. 30 Mn (2020- Rs. 114 Mn), EPF payable of Rs. 139 Mn (2020 - Rs. 139 Mn).
- (c) Other payables of the Company mainly consist of dividend payable to the Government of Sri Lanka of Rs. 244 Mn (2020 - Rs. 244 Mn), payable for unpaid supplies of Rs. 4,930 Mn (2020 - Rs. 5,459 Mn), International Telecommunication Operators' Levy payable of Rs. 79 Mn (2020 - Rs. 90 Mn) and accrued expenses and other payables of Rs. 414 Mn (2020 - Rs. 414 Mn). Other payables of the Group mainly consist of dividend payable to the Government of Sri Lanka of Rs. 244 Mn (2020 - Rs. 244 Mn), payable for unpaid supplies of Rs. 4,930 Mn (2020 - Rs. 5,459 Mn), International Telecommunication Operators' Levy payable of Rs. 198 Mn (2020 - Rs. 220 Mn), and accrued expenses and other payables of Rs. 2,335Mn (2020 - Rs. 1,524 Mn).

EMPLOYEES BY GENDER AND GRADE

	SLT			MOBITEL		
	Male	Female	Total	Male	Female	Total
Senior Management	63	10	73	19	1	20
Middle Management	99	19	118	359	102	461
Executive	480	312	792	623	310	933
Non-Executive	4,258	1,349	5,607	27	1	28
Total	4,900	1,690	6,590	1,028	414	1,442

*The employee level classification is different at SLT and MOBITEL

Extracts from Sri Lanka Telecom PLC Annual Report 2022

Governance

Financial Reports

Supplementary Information



Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Revenue	6	107,710	102,348	67,569	59,811
Direct costs	7	(62,351)	(56,482)	(38,542)	(34,919)
Gross profit		45,359	45,866	29,027	24,892
Sales and marketing costs	7	(10,827)	(11,157)	(6,066)	(5,599)
Administrative costs	7	(22,014)	(20,865)	(17,004)	(15,957)
Operating profit		12,518	13,844	5,957	3,336
Other income		1,352	1,084	1,083	1,293
Dividend income		112	—	2,297	1,489
Interest expense and finance costs	8	(4,894)	(3,022)	(3,782)	(1,825)
Foreign exchange (loss)/gain	9	(1,680)	(482)	5,152	76
Interest income	10	2,956	1,308	1,717	630
Share of profit from associates company	16.2	224	86	224	86
Profit before tax		10,588	12,818	12,648	5,085
Income tax (expenses)/reversal	11	(5,823)	(657)	(4,185)	780
Profit for the year		4,765	12,161	8,463	5,865
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial (loss)/gain	28	(508)	397	(344)	169
Tax on other comprehensive income	11	183	(150)	143	(116)
Other comprehensive income for the year net of tax		(325)	247	(201)	53
Total comprehensive income for the year		4,440	12,408	8,262	5,918
Profit attributable to:					
Owners of the Company		4,758	12,155	8,463	5,865
Non-controlling interest		7	6	—	—
		4,765	12,161	8,463	5,865
Total comprehensive income attributable to:					
Owners of the Company		4,433	12,402	8,262	5,918
Non-controlling interest		7	6	—	—
		4,440	12,408	8,262	5,918
Earnings per share (LKR)					
– Basic	12	2.64	6.73	4.69	3.25

The Notes on pages 135 to 190 form an integral part of these financial statements.



Statement of Financial Position

(all amounts in Sri Lanka Rupees million)

as at 31 December	Notes	Group		Company		
		2022	2021	2022	2021	
Assets						
Non-current assets						
Property, plant and equipment	13	164,916	141,937	127,061	105,854	
Right of use asset	14	6,899	7,815	613	805	
Intangible assets	15	7,876	7,827	3,643	2,832	
Investments in subsidiaries	16.1	—	—	14,431	14,431	
Investments in associates	16.2	439	214	439	214	
Deferred tax assets	24	177	181	—	—	
Investments in equity shares		2	—	—	—	
Contract assets	25(a)	1,504	878	313	233	
Other receivables	18	3,320	2,672	3,295	2,657	
Total non-current assets		185,133	161,524	149,795	127,026	
Current assets						
Inventories	19	3,283	2,689	2,405	2,039	
Trade and other receivables	20	32,533	26,909	23,677	18,682	
Current tax receivable		20	14	—	—	
Contract assets	25 (a)	1,470	978	122	164	
Other investments	17	3,995	8,310	3,976	8,288	
Cash and cash equivalents	21	14,150	17,972	6,051	1,615	
		55,451	56,872	36,231	30,788	
Assets classified as held for sale	22	—	1,545	—	390	
Total current assets		55,451	58,417	36,231	31,178	
Total assets		240,584	219,941	186,026	158,204	
Equity						
Capital and reserves						
Stated capital	30	18,049	18,049	18,049	18,049	
Insurance reserve	29	300	1,105	300	1,105	
Retained earnings		74,024	74,714	51,197	46,518	
Equity attributable to equity holders of the company		92,373	93,868	69,546	65,672	
Non controlling interest		115	108	—	—	
Total equity		92,488	93,976	69,546	65,672	

Statement of Financial Position

as at 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Liabilities					
Non-current liabilities					
Borrowings	23	30,332	37,837	30,332	35,807
Vendor financing	27	13,057	5,987	13,057	5,961
Lease liability	14	4,835	6,823	428	613
Contract liabilities	25 (b)	1,483	1,071	1,483	1,071
Deferred income	25	1,469	1,666	1,469	1,666
Deferred tax liabilities	24	9,066	5,627	8,002	4,870
Employee benefits	28	5,733	4,957	4,846	4,272
Trade and other payables	26	8,696	6,565	7,804	5,283
Total Non-current liabilities		74,671	70,533	67,421	59,543
Current liabilities					
Borrowings	23	16,963	8,752	13,310	7,256
Vendor financing	27	4,269	311	1,745	171
Lease liability	14	2,661	2,373	227	216
Contract liabilities	25 (b)	972	971	716	684
Deferred income	25	3,852	3,924	221	383
Current tax liabilities		1,124	2,075	441	1,474
Deferred tax liabilities	24	12	11	—	—
Trade and other payables	26	43,572	35,605	32,399	22,805
		73,425	54,022	49,059	32,989
Liabilities directly associated with assets held for sale	22	—	1,410	—	—
Total current liabilities		73,425	55,432	49,059	32,989
Total liabilities		148,096	125,965	116,480	92,532
Total equity and liabilities		240,584	219,941	186,026	158,204

The Notes on pages 135 to 190 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.

—
—
—
—
—

Sanjeeva Samaranayake
Group Chief Financial Officer

The Board of Directors is responsible for these financial statements. These financial statements were approved by the Board of Directors on 30 March 2023.
Signed for and behalf of the Board.


Rohan Fernando
Chairman


Lalith Seneviratne
Director

Sri Lanka Telecom PLC
Annual Report 2022 **131**



Consolidated Statement of Changes in Equity – Company

(all amounts in Sri Lanka Rupees million)

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2021		18,049	1,044	43,350	62,443
Total comprehensive income for the year					
Net profit for the year 2021		–	–	5,865	5,865
Other comprehensive income					
Defined benefit plan actuarial gain, net of tax		–	–	53	53
Total other comprehensive income		–	–	53	53
Total comprehensive income for the year		–	–	5,918	5,918
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity share holders		–	–	(2,689)	(2,689)
Insurance reserve					
– Transfer to insurance reserve	29	–	61	(61)	–
Balance as at 31 December 2021		18,049	1,105	46,518	65,672

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2022		18,049	1,105	46,518	65,672
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		–	–	(742)	(742)
Adjusted balance as at 01 January 2022		18,049	1,105	45,776	64,930
Total comprehensive income for the year					
Net profit for the year 2022		–	–	8,463	8,463
Other comprehensive income					
Defined benefit plan actuarial loss, net of tax		–	–	(201)	(201)
Total other comprehensive income		–	–	(201)	(201)
Total comprehensive income for the year		–	–	8,262	8,262
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity share holders		–	–	(3,646)	(3,646)
Insurance reserve					
– Transfer from insurance reserve	29	–	(805)	805	–
Balance as at 31 December 2022		18,049	300	51,197	69,546

The Notes on pages 135 to 190 form an integral part of These financial statements.

8. Interest Expense and Finance Costs

	Group		Company	
	2022	2021	2022	2021
Rupee loans [See Note (a) below]	4,777	2,744	4,726	2,509
Foreign currency loans [See Note (a) below]	223	–	–	–
Debenture	892	893	892	893
Other charges [See Note (b) below]	2,963	1,151	2,125	189
Total interest and finance cost	8,855	4,788	7,743	3,591
Interest Capitalised [See Note (c) below]	(3,961)	(1,766)	(3,961)	(1,766)
Net total interest and finance cost	4,894	3,022	3,782	1,825

(a) Interest cost of the Company relates to the Rupee loans. Interest cost of the Group relates to rupee loans, USD loans.

(b) Other charges mainly include interest cost of overdraft facilities, vendor financing and finance leases.

(c) Capitalisation rate used for 2022 is 9.47% (2021 – 9.90%).

20. Trade and other Receivables

	Group		Company	
	2022	2021	2022	2021
Domestic trade receivables	23,703	23,223	18,340	17,253
Foreign trade receivables	4,478	2,580	3,235	2,042
	28,181	25,803	21,575	19,295
Less: Provision for bad and doubtful receivables	(8,643)	(9,763)	(5,871)	(6,307)
Trade receivables – net	19,538	16,040	15,704	12,988
Amount due from subsidiaries [Note 34.1 (i)]	–	–	2,508	2,062
Amount due from related companies – [Note 34.2 (b)]	152	149	152	149
Advances and prepayments [See Note (a) below]	9,379	8,255	4,353	2,588
Employee loans (Note 18)	818	703	807	701
Other receivables [See Note (b) below]	2,646	1,762	153	194
Amounts due within one year	32,533	26,909	23,677	18,682

(a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers advances LKR 2,334 Mn. (2021 – LKR 1,530 Mn.), payments for software maintenance of LKR 939 Mn. (2021 – LKR 284 Mn.). Advances and prepayments of the Group

mainly consist of advances on foreign and local suppliers advances LKR 6,244 Mn. (2021 – LKR 5,196 Mn.), payments for software maintenance of LKR 942 Mn. (2021 – LKR 861 Mn.) Prepaid TRC Frequency LKR 260 Mn. (2021 – LKR 610 Mn.) and free phone offer LKR 278 Mn. (2021 – LKR 295 Mn.).

(b) Other receivables of the company consist of refundable deposits of LKR 150 Mn. (2021 – LKR 138 Mn.). Other receivables of the Group mainly consist of refundable deposits of LKR 429 Mn. (2021 – LKR 434 Mn.) and site rentals receivables from other operators LKR 1,292 Mn. (2021 – LKR 957 Mn.).

30. Stated Capital

	Company	
	2022	2021
1,804,860,000 ordinary shares	18,049	18,049

Ratio and Market Price Information Share Price Trend

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Highest value (LKR)	78.90	42.90	34.80	34.50	30.00	36.70	46.40	54.90	57.30	50.00
Lowest value (LKR)	28.70	31.50	18.00	19.60	18.90	27.00	31.20	43.00	33.33	36.10
Last traded price (LKR)	68.00	38.80	33.50	31.90	23.40	28.50	36.00	47.00	49.90	37.00
Market capitalisation (LKR Bn.)	122.70	70.02	60.40	57.57	42.23	51.43	64.97	84.83	90.00	66.78

26. Trade and Other Payables

	Group		Company	
	2022	2021	2022	2021
Amounts due within one year				
Domestic trade payables	7,197	5,941	116	164
Foreign trade payables	7,409	3,438	2,407	1,303
Amount due to subsidiaries [Note 34.1 (i)]	–	–	8,468	4,087
Amount due to related companies [Note 34.2 (b)]	121	121	121	121
Capital expenditure payables [See Note (a) below]	13,783	11,985	9,787	7,040
Social security and other taxes [See Note (b) below]	1,744	574	1,030	548
Interest payable	160	20	–	–
Other payables [See Note (c) below]	13,158	13,526	10,470	9,542
	43,572	35,605	32,399	22,805
Amounts due after one year				
International direct dialling and VoIP deposits	229	253	229	253
Advance on RDA and others	829	674	829	674
Unclaimed dividend	244	244	244	244
Domestic trade payables	635	750	–	–
Capital expenditure payables	6,759	4,644	6,502	4,112
	8,696	6,565	7,804	5,283

- (a) Capital expenditure payables of the Company mainly consist of contractors' payables and retention of LKR 4,171 Mn. (2021 – LKR 4,665 Mn.) and advances on network restoration after road works of LKR 321 Mn. (2021 – LKR 407 Mn.) and LC capex payable LKR 5,295 Mn. (2021 – LKR 1,968 Mn.) Capital expenditure payables of the Group mainly consist of contractors' payable and retention of LKR 8,167 Mn. (2021 – LKR 9,610 Mn.) and advances on network restoration after road works of LKR 321 Mn. (2021 – LKR 407 Mn.) and LC capex payable LKR 5,295 Mn. (2021 – LKR 1,968 Mn.).
- (b) Social security and other taxes of the Company mainly consist of Telecommunication Levy (TL) of

LKR 258 Mn. (2021 – LKR 178 Mn.), Cess LKR 113 Mn. (2021 – LKR 83 Mn.), VAT Payable of LKR 312 Mn. (2021 – LKR 30 Mn.), EPF payable of LKR 151 Mn. (2021 – LKR 152 Mn.). Social security and other taxes of the Group mainly consist of Telecommunication Levy (TL) of LKR 405 Mn. (2021 – LKR 312 Mn.), Cess of LKR 113 Mn. (2021 – LKR 203 Mn.), VAT payable of LKR 548 Mn. (2021 – LKR 30 Mn.), EPF payable of LKR 151 Mn. (2021 – LKR 139 Mn.)

- (c) Other payables of the Company mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2021 - LKR 244 Mn.), payable for unpaid supplies of LKR 7,687 Mn. (2021 – LKR 4,930 Mn.), International

Telecommunication Operators' Levy payable of LKR 86 Mn. (2021 – LKR 79 Mn.) and accrued expenses and other payables of LKR 487 Mn. (2021 – LKR 496 Mn.). Other payables of the Group mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2021 - LKR 244 Mn.), payable for unpaid supplies of LKR 9,190 Mn. (2021 – LKR 4,930 Mn.), International Telecommunication Operators' Levy payable of LKR 118 Mn. (2021 – LKR 198 Mn.), and accrued expenses and other payables of LKR 1,302 Mn. (2021 – LKR 2,335 Mn.).

Employees by Gender and Grade

Grade	SLT			Mobitel		
	Male	Female	Total	Male	Female	Total
Senior Management	64	10	74	86	8	94
Middle Management	92	20	112	251	80	331
Executive	498	320	818	629	314	943
Non-executive	4,333	1,326	5,659	26	1	27
Total	4,987	1,676	6,663	992	403	1,395

Note: Excludes both outsourced and part time staff (Mobitel does not have outsourced or part time staff within the cadre)

Extracts from Sri Lanka Telecom PLC Annual Report 2023



Statement of Profit or Loss and Other Comprehensive Income

(All amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2023	2022	2023	2022
Revenue	6	106,418	107,710	69,711	67,569
Direct costs	7	(67,834)	(62,351)	(41,250)	(38,542)
Gross profit		38,584	45,359	28,461	29,027
Sales and marketing costs	7	(11,100)	(10,827)	(5,589)	(6,066)
Administrative costs	7	(23,382)	(22,014)	(17,791)	(17,004)
Operating profit		4,102	12,518	5,081	5,957
Other income		2,079	1,352	2,074	1,083
Dividend income		71	112	71	2,297
Interest expense and finance costs	8	(11,292)	(4,894)	(9,772)	(3,782)
Foreign exchange gain/(loss)	9	629	(1,680)	(420)	5,152
Interest income	10	1,685	2,956	1,280	1,717
Share of profit from associates company	16.2	75	224	75	224
Profit/(loss) before tax		(2,651)	10,588	(1,611)	12,648
Income tax (expenses)/reversals	11	(1,270)	(5,823)	479	(4,185)
Profit/(loss) for the year		(3,921)	4,765	(1,132)	8,463
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial gain/(loss)	27	384	(508)	295	(344)
Tax on other comprehensive income	11	(41)	183	(118)	143
Other comprehensive income for the year net of tax		343	(325)	177	(201)
Total comprehensive income for the year		(3,578)	4,440	(955)	8,262
Profit/loss attributable to:					
Owners of the Company		(3,925)	4,758	(1,132)	8,463
Non-controlling interest		4	7	–	–
		(3,921)	4,765	(1,132)	8,463
Total comprehensive income attributable to:					
Owners of the Company		(3,582)	4,433	(955)	8,262
Non-controlling interest		4	7	–	–
		(3,578)	4,440	(955)	8,262
Earnings per share (LKR)					
– Basic	12	(2.17)	2.64	(0.63)	4.69

The Notes on pages 131 to 180 form an integral part of these Financial Statements.

Statement of Financial Position

(All amounts in Sri Lanka Rupees million)

As at 31 December	Notes	Group		Company		
		2023	2022	2023	2022	
Assets						
Non-current assets						
Property, plant and equipment	13	174,803	164,916	136,202	127,061	
Right-of-use asset	14	5,761	6,899	813	613	
Intangible assets	15	10,364	7,876	3,200	3,643	
Investments in subsidiaries	16.1	—	—	14,431	14,431	
Investments in associates	16.2	514	439	514	439	
Deferred tax assets	23	365	177	—	—	
Investments in equity shares		2	2	—	—	
Contract assets	24 (a)	1,091	1,504	350	313	
Other receivables	18	3,496	3,320	3,471	3,295	
Total non-current assets		196,396	185,133	158,981	149,795	
Current assets						
Inventories	19	4,078	3,283	3,240	2,405	
Trade and other receivables	20	32,015	32,533	21,650	23,677	
Current tax receivable		181	20	142	—	
Contract assets	24 (a)	1,511	1,470	146	122	
Other investments	17	117	3,995	—	3,976	
Cash and cash equivalents	21	12,377	14,150	5,330	6,051	
Total current assets		50,279	55,451	30,508	36,231	
Total assets		246,675	240,584	189,489	186,026	
Equity						
Capital and reserves						
Stated capital	29	18,049	18,049	18,049	18,049	
Insurance reserve	28	300	300	300	300	
Retained earnings		70,152	74,024	49,791	51,197	
Equity attributable to equity holders of the company		88,501	92,373	68,140	69,546	
Non controlling interest		120	115	—	—	
Total equity		88,621	92,488	68,140	69,546	



As at 31 December	Notes	Group		Company		
		2023	2022	2023	2022	
Liabilities						
Non-current liabilities						
Borrowings	22	36,318	30,332	34,851	30,332	
Vendor financing	26	12,770	13,057	12,770	13,057	
Lease liability	14	3,617	4,835	267	428	
Contract liabilities	24 (b)	1,776	1,483	1,776	1,483	
Deferred income	24	1,250	1,469	1,250	1,469	
Deferred tax liabilities	23	9,602	9,066	7,683	8,002	
Employee benefits	27	6,117	5,733	5,221	4,846	
Trade and other payables	25	5,225	8,696	3,399	7,804	
Total non-current liabilities		76,675	74,671	67,217	67,421	
Current liabilities						
Borrowings	22	27,456	16,963	19,778	13,310	
Vendor financing	26	7,278	4,269	4,178	1,745	
Lease liability	14	2,619	2,661	617	227	
Contract liabilities	24 (b)	1,236	972	956	716	
Deferred income	24	3,677	3,852	325	221	
Current tax liabilities		411	1,124	—	441	
Deferred tax liabilities	23	—	12	—	—	
Trade and other payables	25	38,702	43,572	28,278	32,399	
Total current liabilities		81,379	73,425	54,132	49,059	
Total liabilities		158,054	148,096	121,349	116,480	
Total equity and liabilities		246,675	240,584	189,489	186,026	

The Notes on pages 131 to 180 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.

Sanjeeva Samaranayake
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. These Financial Statements were approved by the Board of Directors on 15 April 2024.

Signed for and behalf of the Board.

A K D D Arandara
Chairman

V U Kumar
Director



Consolidated Statement of Changes in Equity – Company

All amounts in Sri Lanka Rupees million)

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2022		18,049	1,105	46,518	65,672
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		–	–	(742)	(742)
Adjusted balance as at 01 January 2022		18,049	1,105	45,776	64,930
Total comprehensive income for the year					
Net profit for the year 2022		–	–	8,463	8,463
Other comprehensive income					
Defined benefit plan actuarial loss, net of tax		–	–	(201)	(201)
Total other comprehensive income		–	–	(201)	(201)
Total comprehensive income for the year		–	–	8,262	8,262
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity shareholders		–	–	(3,646)	(3,646)
Insurance reserve					
– Transfer from insurance reserve	28	–	(805)	805	–
Balance as at 31 December 2022		18,049	300	51,197	69,546

		Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2023		18,049	300	51,197	69,546
Total comprehensive income for the year					
Net loss for the year 2023		–	–	(1,132)	(1,132)
Other comprehensive income					
Defined benefit plan actuarial gain, net of tax		–	–	177	177
Total other comprehensive income		–	–	177	177
Total comprehensive income for the year		–	–	(955)	(955)
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity shareholders		–	–	(451)	(451)
Balance as at 31 December 2023		18,049	300	49,791	68,140

The Notes on pages 131 to 180 form an integral part of these Financial Statements.

8. Interest Expense and Finance Costs

	Group		Company	
	2023	2022	2023	2022
Rupee loans [See Note (a) below]	8,511	4,777	7,974	4,726
Foreign currency loans	78	144	—	—
Debenture	892	892	892	892
Interest – Overdraft	1,020	281	879	281
Interest – Vendor financing	4,198	1,778	4,135	1,699
Other interest [See Note (b) below]	925	983	178	145
Total interest and finance cost	15,624	8,855	14,058	7,743
Interest capitalised [See Note (c) below]	(4,332)	(3,961)	(4,286)	(3,961)
Net total interest and finance cost	11,292	4,894	9,772	3,782

(a) Interest cost of the Group /Company relates to the Rupee loans.

(b) Other interest mainly include interest cost of leased assets.

(c) Capitalisation rate used for 2023 is 17.37% (2022 - 9.47 %)

20. Trade and Other Receivables

	Group		Company	
	2023	2022	2023	2022
Domestic trade receivables	24,310	23,703	18,274	18,340
Foreign trade receivables	4,033	4,478	2,767	3,235
	28,343	28,181	21,041	21,575
Less: Provision for bad and doubtful receivables	(8,041)	(8,643)	(5,086)	(5,871)
Trade receivables – Net	20,302	19,538	15,955	15,704
Amount due from subsidiaries (Note 33.1.1)	—	—	2,399	2,508
Amount due from related companies [Note 33.2 (b)]	149	152	149	152
Advances and prepayments [See Note (a) below]	7,102	9,379	2,267	4,353
Employee loans (Note 18)	723	818	721	807
Other receivables [See Note (b) below]	3,739	2,646	159	153
Amounts due within one year	32,015	32,533	21,650	23,677

(a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers advances LKR 942 Mn. (2022 - LKR 2,334 Mn.), payments for software maintenance of LKR 467 Mn. (2022 - LKR 939 Mn.) Advances and prepayments of the Group mainly consist of advances on foreign & local suppliers advances LKR 4,617 Mn. (2022 - LKR 6,244 Mn.), payments for software maintenance of LKR 467 Mn. (2022 - LKR 942 Mn.) Prepaid TRC Frequency LKR 780 Mn. (2022 - LKR 260 Mn.) and free phone offer LKR 265 Mn. (2022 - LKR 278 Mn.).

(b) Other receivables of the Company consist of refundable deposits of LKR 158 Mn. (2022 - LKR 150 Mn.). Other receivables of the Group mainly consist of refundable deposits of LKR 398 Mn. (2022 - LKR 429 Mn.) and site rentals receivables from other operators LKR 2,726 Mn. (2022 - LKR 1,292 Mn.)

29. Stated Capital

Issued and fully paid	Group/Company	
	2023	2022
1,804,860,000 ordinary shares	18,049	18,049

Investor Information

Ratio and Market Price Information Share Price Trend

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Highest value (LKR)	121.75	78.90	42.90	34.80	34.50	30.00	36.70	46.40	54.90	57.30
Lowest value (LKR)	62.00	28.70	31.50	18.00	19.60	18.90	27.00	31.20	43.00	33.33
Last traded price (LKR)	92.90	68.00	38.80	33.50	31.90	23.40	28.50	36.00	47.00	49.90
Market capitalisation (LKR Bn.)	167.70	122.70	70.02	60.40	57.57	42.23	51.43	64.97	84.83	90.00

References

- Dialog Axiata PLC Annual Report 2021
https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://cdn.cse.lk/cmt/upload_report_file/389_1653904111630.pdf&ved=2ahUKEwiyjt_n39CHAxWyzDgGHcV2BkYQFnoECAUQAQ&usq=AOvVaw221Gpnzs9MNPVJu5152aPs
- Dialog Axiata PLC Annual Report 2022
https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://cdn.cse.lk/cmt/upload_report_file/389_1684228919923.pdf&ved=2ahUKEwis-zT39CHAxUlzzgGHVc2NEIQFnoECBcQAQ&usq=AOvVaw0buYgQX2sC_OeVZerTA3Xa
- Dialog Axiata PLC Annual Report 2023
https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://cdn.cse.lk/cmt/upload_report_file/389_1716197702103.pdf&ved=2ahUKEwj3g9ey39CHAxXPwzgGHSZKCmkQFnoECBYQAQ&usq=AOvVaw1S930mfdKT_mb3_NQg55Et
- Sri Lanka Telecom PLC Annual report 2021
https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.slt.lk/reports-html/annual/2021/Sri%2520Lanka%2520Telecom%2520PLC%2520-%2520Annual%2520Report%25202021_High%2520Resolution%2520File.pdf&ved=2ahUKEwjwvtD-39CHAXUUz6ACHXI9DnkQFnoECBsQAQ&usq=AOvVaw1CsfBKG01u1aK8SajVl_Xe
- Sri Lanka Telecom PLC Annual report 2022
https://www.slt.lk/sites/default/files/sustainability_reports/SLT_AR_2022_v2.pdf
- Sri Lanka Telecom PLC Annual report 2023
https://www.slt.lk/sites/default/files/sustainability_reports/AR-2023-V2.pdf
- CFI Team (2024) Ratio analysis Comparisons between the financial information in the financial statements of a business, Corporate Finance Institute. Available at: <https://corporatefinanceinstitute.com/resources/accounting/ratio-analysis/> .