

DIALOG AXIATA PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2020**





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

Introduction

We have reviewed the accompanying condensed statement of financial position of Dialog Axiata PLC and its subsidiaries as at 31 December 2020, and the related statements of comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

19 February 2021

Date


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DIALOG AXIATA PLC

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	31 Dec 2020 (Reviewed)	31 Dec 2019 (Audited)	31 Dec 2020 (Reviewed)	31 Dec 2019 (Audited)
ASSETS				
Non-current assets				
Intangible assets	17,468,592	17,452,431	6,480,786	6,153,978
Contract costs	7,841,872	7,852,319	1,825,600	2,002,708
Right-of-use assets	5,135,935	4,499,551	4,923,897	4,327,586
Property, plant and equipment	118,475,106	115,682,983	82,317,105	75,659,324
Deferred tax asset	173,503	43,550	-	-
Investment in subsidiaries	-	-	50,946,786	50,156,852
Investment in associates	127,655	131,876	-	-
Other financial assets	544,099	596,331	-	-
	149,766,762	146,259,041	146,494,174	138,300,448
Current assets				
Inventories	1,166,018	1,480,604	57,106	61,862
Trade and other receivables	19,475,762	20,867,463	20,433,790	25,420,703
Other financial assets	624,011	1,137,155	-	-
Cash and cash equivalents	16,660,136	7,388,761	13,772,866	6,333,191
	37,925,927	30,873,983	34,263,762	31,815,756
Total assets	187,692,689	177,133,024	180,757,936	170,116,204
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	28,467,285	28,103,913	28,467,285	28,103,913
Reserves	53,745,783	46,134,448	63,118,890	55,658,646
Non-controlling interest	(10,006)	12,860	-	-
Total equity	82,203,062	74,251,221	91,586,175	83,762,559
LIABILITIES				
Non-current liabilities				
Borrowings	19,721,329	32,957,450	18,587,996	31,232,450
Other financial liabilities	30,700	40,520	-	-
Lease liabilities	4,339,514	3,868,982	4,140,856	3,719,196
Deferred revenue	565,653	748,586	565,653	748,586
Contract liabilities	1,614,099	580,103	769,940	30,546
Employee benefit payables	1,604,196	1,300,261	1,245,008	1,092,645
Provision for other liabilities	1,984,542	1,735,954	1,760,790	1,521,160
Deferred tax liability	108	26,419	-	-
	29,860,141	41,258,275	27,070,243	38,344,583
Current liabilities				
Trade and other payables	44,700,230	37,644,766	35,596,689	29,397,530
Borrowings	20,704,582	14,854,227	18,077,333	11,144,384
Other financial liabilities	486,673	329,467	-	-
Lease liabilities	1,627,689	1,556,565	1,556,327	1,471,051
Contract liabilities	7,201,266	6,366,036	5,986,089	5,164,371
Current income tax liabilities	909,046	872,467	885,080	831,726
	75,629,486	61,623,528	62,101,518	48,009,062
Total liabilities	105,489,627	102,881,803	89,171,761	86,353,645
Total equity and liabilities	187,692,689	177,133,024	180,757,936	170,116,204
Net assets per share (Rs.)	10.06	9.12	11.20	10.29

The notes on pages 8 to 14 form an integral part of these financial statements.

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

Group Chief Financial Officer

Date: 19/02/2021

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

Director

Date: 19/02/2021

Director

Date: 19/02/2021

DIALOG AXIATA PLC

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Year ended 31 Dec		Year ended 31 Dec	
	2020 (Reviewed)	2019 (Audited)	2020 (Reviewed)	2019 (Audited)
Revenue	120,141,512	116,827,341	82,428,513	82,631,908
Direct costs	(68,497,031)	(65,078,944)	(39,143,395)	(39,562,765)
Gross profit	51,644,481	51,748,397	43,285,118	43,069,143
Distribution costs	(12,552,937)	(13,837,718)	(10,755,437)	(11,670,922)
Administrative costs	(20,798,576)	(21,075,240)	(15,582,094)	(15,075,002)
Net impairment losses on financial assets	(1,968,055)	(1,572,055)	(1,120,374)	(691,858)
Other income	357,977	72,823	304,541	66,000
Operating profit	16,682,890	15,336,207	16,131,754	15,697,361
Finance income	333,615	273,079	346,343	306,465
Finance costs	(2,392,791)	(3,404,690)	(2,039,379)	(3,092,318)
Net foreign exchange (losses) / gains	(831,028)	477,407	(944,391)	469,445
Finance costs - net	(2,890,204)	(2,654,204)	(2,637,427)	(2,316,408)
Share of loss from associate - net of tax	(4,221)	(263)	-	-
Profit before income tax	13,788,465	12,681,740	13,494,327	13,380,953
Income tax expense	(1,785,779)	(1,955,289)	(1,754,771)	(1,813,270)
Profit for the year	12,002,686	10,726,451	11,739,556	11,567,683
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	(83,740)	65,615	-	-
- remeasurements of defined benefit obligations, net of tax	(221,507)	(223,211)	(158,204)	(179,642)
Other comprehensive income for the year, net of tax	(305,247)	(157,596)	(158,204)	(179,642)
Total comprehensive income for the year	11,697,439	10,568,855	11,581,352	11,388,041
Profit / (loss) for the period attributable to:				
- owners of the Company	12,034,129	10,775,717	11,739,556	11,567,683
- non-controlling interest	(31,443)	(49,266)	-	-
Total comprehensive income for the year attributable to:				
- owners of the Company	11,737,065	10,612,333	11,581,352	11,388,041
- non-controlling interest	(39,626)	(43,478)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	1.48	1.32	1.44	1.42

The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Three months ended 31 Dec		Three months ended 31 Dec	
	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
Revenue	32,247,284	29,664,669	21,799,605	20,529,710
Direct costs	(18,574,328)	(16,728,418)	(10,493,552)	(9,754,007)
Gross profit	13,672,956	12,936,251	11,306,053	10,775,703
Distribution costs	(3,196,705)	(3,421,217)	(2,702,504)	(2,807,577)
Administrative costs	(5,610,425)	(5,533,680)	(4,433,039)	(3,824,990)
Net impairment losses on financial assets	(374,345)	(429,510)	(390,926)	(309,924)
Other income	84,961	7,104	70,192	4,538
Operating profit	4,576,442	3,558,948	3,849,776	3,837,750
Finance income	100,840	58,031	100,380	66,910
Finance costs	(544,091)	(773,718)	(481,492)	(635,294)
Net foreign exchange (losses) / gains	(319,885)	76,630	(295,710)	152,144
Finance costs - net	(763,136)	(639,057)	(676,822)	(416,240)
Share of loss from associate - net of tax	(1,756)	(254)	-	-
Profit before income tax	3,811,550	2,919,637	3,172,954	3,421,510
Income tax expense	(383,681)	(491,084)	(465,092)	(438,168)
Profit for the period	3,427,869	2,428,553	2,707,862	2,983,342
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	(83,577)	65,615	-	-
- remeasurements of defined benefit obligations, net of tax	(221,561)	(224,155)	(158,204)	(179,642)
Other comprehensive income for the period, net of tax	(305,138)	(158,540)	(158,204)	(179,642)
Total comprehensive income for the period	3,122,731	2,270,013	2,549,658	2,803,700
Profit / (loss) for the period attributable to:				
- owners of the Company	3,437,364	2,427,568	2,707,862	2,983,342
- non-controlling interest	(9,495)	985	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	3,140,408	2,263,251	2,549,658	2,803,700
- non-controlling interest	(17,677)	6,762	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.42	0.30	0.33	0.37

The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC

Consolidated statement of changes in equity

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company		Non-controlling interest	Total
	Stated capital	Reserves		
Balance at 1 January 2020	28,103,913	46,134,448	12,860	74,251,221
Profit / (loss) for the period	-	12,034,129	(31,443)	12,002,686
Other comprehensive income	-	(297,064)	(8,183)	(305,247)
Total comprehensive income for the period	-	11,737,065	(39,626)	11,697,439
Transaction with non-controlling interest	-	(4,622)	16,760	12,138
Employee share schemes - value of employee services	-	558,467	-	558,467
Dividends to equity holders	-	(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	53,745,783	(10,006)	82,203,062
Balance at 1 January 2019	28,103,913	39,163,921	9,120	67,276,954
Change in accounting policy	-	(797,172)	-	(797,172)
Restated total equity as at 1 January 2019	28,103,913	38,366,749	9,120	66,479,782
Profit / (loss) for the period	-	10,775,717	(49,266)	10,726,451
Other comprehensive income	-	(163,384)	5,788	(157,596)
Total comprehensive income for the period	-	10,612,333	(43,478)	10,568,855
Transaction with non-controlling interest	-	4,709	47,218	51,927
Employee share schemes - value of employee services	-	163,855	-	163,855
Dividends to equity holders	-	(3,013,198)	-	(3,013,198)
Balance at 31 December 2019	28,103,913	46,134,448	12,860	74,251,221

The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Company statement of changes in equity****(all amounts in Sri Lanka Rupees thousands)**

	Attributable to owners of the Company		
	Stated capital	Reserves	Total
Balance at 1 January 2020	28,103,913	55,658,646	83,762,559
Profit for the period	-	11,739,556	11,739,556
Other comprehensive income	-	(158,204)	(158,204)
Total comprehensive income for the period	-	11,581,352	11,581,352
Employee share schemes - value of employee services	-	558,467	558,467
Dividends to equity holders	-	(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
Balance at 1 January 2019	28,103,913	47,902,571	76,006,484
Change in accounting policy	-	(782,623)	(782,623)
Restated total equity as at 1 January 2019	28,103,913	47,119,948	75,223,861
Profit for the period	-	11,567,683	11,567,683
Other comprehensive income	-	(179,642)	(179,642)
Total comprehensive income for the period	-	11,388,041	11,388,041
Employee share schemes - value of employee services	-	163,855	163,855
Dividends to equity holders	-	(3,013,198)	(3,013,198)
Balance at 31 December 2019	28,103,913	55,658,646	83,762,559

The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Statement of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	Group 31 December		Company 31 December	
	2020 (Reviewed)	2019 (Audited)	2020 (Reviewed)	2019 (Audited)
Cash flows from operating activities				
Cash generated from operations	46,142,643	38,636,712	39,753,931	34,454,329
Interest received	500,202	510,064	346,140	300,430
Interest paid	(2,372,433)	(3,405,367)	(1,991,374)	(3,207,662)
Taxes paid	(1,636,670)	(1,847,996)	(1,556,627)	(1,721,482)
Employee benefits paid	(115,959)	(248,767)	(91,463)	(178,043)
Net cash generated from operating activities	42,517,783	33,644,646	36,460,607	29,647,572
Cash flows from investing activities				
Purchase of property, plant and equipment	(17,462,694)	(27,623,600)	(14,290,706)	(17,659,563)
Purchase of intangible assets	(2,078,629)	(2,325,554)	(1,822,143)	(2,252,001)
Investment in subsidiaries	-	-	(789,933)	(1,019,395)
Net cash used in other financial assets	(90,045)	(375,255)	-	-
Proceeds from sale of property, plant and equipment	4,267	79,050	4,267	71,460
Net cash used in investing activities	(19,627,101)	(30,245,359)	(16,898,515)	(20,859,499)
Cash flows from financing activities				
Repayment of borrowings	(11,391,571)	(8,495,051)	(8,638,571)	(6,927,387)
Proceeds from borrowings	3,904,000	7,151,000	2,600,000	1,300,000
Proceeds from share issue	12,138	8,594	-	-
Principal element of lease payment	(1,668,176)	(1,717,430)	(1,595,870)	(1,617,829)
Dividends paid to ordinary shareholders	(4,316,203)	(3,013,198)	(4,316,203)	(3,013,198)
Net cash used in financing activities	(13,459,812)	(6,066,085)	(11,950,644)	(10,258,414)
Net increase / (decrease) in cash and cash equivalents	9,430,870	(2,666,798)	7,611,448	(1,470,341)
Movement in cash and cash equivalents				
At start of the period	7,388,761	10,097,521	6,333,191	7,839,159
Increase / (decrease)	9,430,870	(2,666,798)	7,611,448	(1,470,341)
Effect of exchange rate changes	(159,495)	(41,962)	(171,773)	(35,627)
At end of the period	16,660,136	7,388,761	13,772,866	6,333,191

The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements

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

1 General information

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

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

2 Basis of preparation

The condensed interim financial statements for the year ended 31 December 2020 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019, except for the reclassification of interest payable on borrowings, overpaid amounts by subscribers and deposits placed with banks and government securities with maturity periods exceeding three months, as disclosed in note 22.

3 Segment information

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

- The segment results for the year ended 31 December 2020 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	86,787,478	32,209,438	8,728,369	-	127,725,285
Inter-segment revenue	(5,050,764)	(2,495,492)	(37,517)	-	(7,583,773)
Revenue from external customers	81,736,714	29,713,946	8,690,852	-	120,141,512
Segment operating profit / (loss) for the period	15,938,689	1,872,988	(800,980)	(327,807)	16,682,890
Finance costs – net					(2,890,204)
Share of loss from associate – net of tax					(4,221)
Profit before income tax					13,788,465
Income tax expense					(1,785,779)
Profit for the year					12,002,686

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

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

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	22,054,422	9,194,678	3,279,944	-	34,529,044

- The segment assets and liabilities at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	187,441,032	45,811,828	8,593,954	(43,092,633)	198,754,181
Inter-segment assets	(10,785,982)	(204,555)	(70,955)	-	(11,061,492)
Total assets	176,655,050	45,607,273	8,522,999	(43,092,633)	187,692,689
Liabilities	94,773,251	15,081,468	6,381,074	-	116,235,793
Inter-segment liabilities	(3,737,813)	(5,637,254)	(1,371,099)	-	(10,746,166)
Total liabilities	91,035,438	9,444,214	5,009,975	-	105,489,627
Capital expenditure	25,284,890	3,930,007	38,300	-	29,253,197

- The segment results for the year ended 31 December 2019 are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	85,488,930	28,149,575	8,770,803	-	122,409,308
Inter-segment revenue	(3,372,428)	(2,178,424)	(31,115)	-	(5,581,967)
Revenue from external customers	82,116,502	25,971,151	8,739,688	-	116,827,341
Segment operating profit / (loss) for the period	15,277,991	666,339	(426,793)	(181,330)	15,336,207
Finance costs – net					(2,654,204)
Share of loss from associates - net of tax					(263)
Profit before income tax					12,681,740
Income tax expense					(1,955,289)
Profit for the period					10,726,451

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

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	20,057,731	8,550,791	2,830,964	-	31,439,486

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

- The segment assets and liabilities at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	174,722,723	49,293,243	9,310,249	(42,211,992)	191,114,223
Inter-segment assets	(13,856,848)	(109,901)	(14,450)	-	(13,981,199)
Total assets	160,865,875	49,183,342	9,295,799	(42,211,992)	177,133,024
Liabilities	90,538,284	20,179,060	6,178,610	-	116,895,954
Inter-segment liabilities	(2,864,693)	(9,448,834)	(1,700,624)	-	(14,014,151)
Total liabilities	87,673,591	10,730,226	4,477,986	-	102,881,803
Capital expenditure	21,993,436	7,214,919	77,693	-	29,286,048

4 Reserves

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Attributable to the owners of the Company				
Retained earnings	53,254,047	45,837,808	62,627,154	55,362,006
Share-based payments reserve	491,736	296,640	491,736	296,640
Attributable to the non-controlling interest				
Non-controlling interest	(10,006)	12,860	-	-
	53,735,777	46,147,308	63,118,890	55,658,646

5 Seasonal or cyclical factors

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

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

COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of people, connectivity of customers, compliance with guidelines issued by various government authorities and continuity of critical business operations.

The outbreak and the associated developments impacted the business on multiple fronts including distribution, network rollout and working capital management. The lockdown and credit extensions provided to keep customers connected, significantly impacted cash collections. The global impact of the pandemic and the repatriation of Sri Lankans has also adversely affected the Group's international business including inbound and outbound roaming. Accordingly, the Group faced an adverse impact on revenue, impairment of trade receivables and health and safety related expenses. Despite the isolation measures implemented by the authorities, due to the second wave of the outbreak in early October 2020, business activity recovered across the country and the Group saw a gradual recovery in revenue and collections.

The current unprecedented situation is yet evolving and the future impact will heavily depend on the complete removal of restrictions and time taken for economic activity to rebound to pre COVID-19 levels. The overall impact on consumer spending and the recovery of the country's enterprises will also be key determinants of future impact on our business. The Group has resorted to aggressive cost rescaling and rationalisation initiatives both in operating and capital expenditure to soften the impact on the business.

There were no other unusual events or transactions affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 31 December 2020.

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

7 Estimates

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

The Group revised the estimated useful lives of certain telecommunications network equipment, inline with network rollout plans. The effect of the changes in the financial year 2020, was an increase in depreciation charge by Rs. 914,173,532.

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

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 31 December 2019.

8 Issues, repurchases and repayments of debt and equity securities

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, a total of 30,030,700 ordinary shares in the Company at price of Rs.12.1 per share, amounting to Rs.363,371,470 were issued to the eligible employees on 18 September 2020, pursuant to satisfying the vesting conditions pertaining to Grant 1 of the LTIP.

9 Stated capital

Stated capital of the Company consists of 8,173,809,105 ordinary shares.

10 Earnings per share

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

11 Market price per share

For the three months ended 31 December

	2020 Rs.	2019 Rs.
- Highest	12.90	14.00
- Lowest	7.90	8.60
- Last traded	12.40	12.30

12 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 31 December 2020 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	2,408,910
Mr. Mohamed Muhsin	18,040
Mr. Supun Weerasinghe	1,135,600

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

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

13 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.01%
2 Employees Provident Fund	237,424,082	2.90%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.80%
4 BNYM RE - Consilium Extended Opportunities Fund, L.P.	96,086,936	1.18%
5 CITI Bank New York S/A Norges Bank Account 2	84,441,451	1.03%
6 BNYM SA/NV RE - LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	67,314,300	0.82%
7 Pershing LLC S/A Averbach Grauson and Co.	63,039,981	0.77%
8 J.B. Cocoshell (Private) Limited	44,929,758	0.55%
9 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
10 Employees Trust Fund Board	41,000,315	0.50%
11 BBH - Fidelity Funds	40,181,803	0.49%
12 Northern Trust Company S/A Hosking Global Fund PLC	27,890,731	0.34%
13 SSBT - Retail Employees Superannuation Trust	26,685,697	0.33%
14 SSBT- AL Mehwar Commercial Investments LLC	15,953,567	0.20%
15 JPMBL SA - Kapitalforeningen Institutionel Investor, Asiatiske Smid Cap Aktier	15,059,195	0.18%
16 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%
17 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.17%
18 Ceylon Investment PLC A/C number 2	13,797,647	0.17%
19 Rubber Investment Trust LTD A/C number 1	13,554,973	0.17%
20 Mellon Bank N.A.- UPS Group Trust	12,369,731	0.15%

14 Public shareholding

Information pertaining to public shareholding is as follows:

	31 Dec 2020	31 Dec 2019
Public holding percentage	16.94%	16.68%
Number of public shareholders	21,769	20,967
Float adjusted market capitalisation (Rs.)	17,173,922,996	16,709,114,457

The Company is compliant with the Minimum Public Holding requirement under option 1 of rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange.

15 Effect of changes in composition of the Group

- Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued 102,846 Preference Shares during the period. DHL holds 90,708 of these Preference Shares, while remaining 12,138 Preference Shares are held by individual shareholders.
- Dialog Finance PLC ('DFP'), a subsidiary of the Company proceeded with a Rights Issue, with a view to increasing the core capital of the Company to ensure compliance with Central Bank Directions. Pursuant to a resolution adopted by the shareholders of DFP at a meeting held on 2 March 2020, DFP raised Rs. 701,344,798 through a Rights Issue by issuing 17,446,388 ordinary shares (in the proportion of 17 new shares for every 89 existing shares in DFP) at the price of Rs. 40.20 per share. The new shares were listed on the Colombo Stock Exchange on 3 June 2020.
- Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a fully owned subsidiary of the Company, issued and allotted 8,862,200 new ordinary shares in DHL to the Company during the period. This share issue has not changed the composition of the Group.

Other than disclosed above there has not been a change in the composition of the Group which was disclosed in the audited financial statements for the year ended 31 December 2019.

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

16 Financial instruments measured at fair value

	Note	Measurement criteria and the fair value					
		Level 1		Level 3		Total	
		Rs.000		Rs.000		Rs.000	
		2020	2019	2020	2019	2020	2019
Financial assets							
Financial assets at fair value through profit or loss (FVTPL)							
- Investment in quoted equities	(a)	1,513	1,286	-	-	1,513	1,286
- Investment in unquoted equities	(a)	-	-	205,865	153,036	205,865	153,036
Financial assets at fair value through other comprehensive income (FVOCI)							
- Investment in unquoted equities	(b)	-	-	187,728	257,200	187,728	257,200

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

- (a) Carrying value of financial assets at FVTPL at the end of the financial reporting period represents the investments in quoted equity investments by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.
- (b) The carrying value of financial assets at FVOCI represents the fair value of the investment in shares in the Credit Information Bureau of Sri Lanka by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.

17 Cash and cash equivalents

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

	31 Dec 2020	31 Dec 2019
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000	610,000
Margin requirements against imports on Documents against Acceptance terms	97,716	199,235
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,276	64,112
	771,992	873,347

18 Revenue

The Company and the Group derive revenue from the transfer of goods and services over time and at a point in time through following business lines.

Business lines	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Mobile operation	81,736,714	82,116,502	82,428,513	82,631,908
Fixed telephony and broadband operation	29,713,946	25,971,151	-	-
Television operation	8,690,852	8,739,688	-	-
	120,141,512	116,827,341	82,428,513	82,631,908

Timing of revenue recognition	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
At a point in time	1,172,174	1,370,025	71,780	126,225
Over time	118,969,338	115,457,316	82,283,393	82,505,683
	120,141,512	116,827,341	82,428,513	82,631,908

19 Valuation of property, plant and equipment

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

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

20 Contingent liabilities

In August 2008, Sri Lanka Customs ('SLC') detained a shipment of CDMA Customers' Premises Equipment ('CPE') belonging to Dialog Broadband Networks (Private) Limited ('DBN') and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the agreement with the Board of Investment of Sri Lanka. The shipment was cleared by DBN upon submitting bank guarantees and thereafter subsequent shipments of CPE were cleared by paying duty 'Under Protest'. SLC commenced an inquiry into this matter on 30 January 2009 which was temporarily suspended upon a proposed settlement by the Secretary to the Treasury in May 2010. However, SLC took steps to continue with the inquiry. Inquiry was held on several dates and the last date being 9 September 2016, however the inquiry was not concluded on this date. On 11 April 2018, DBN was served with an 'Order' dated 6 April 2018 by SLC imposing a mitigated monetary forfeiture of Rs. 1,626,622,200. DBN has instituted legal action challenging the order made by SLC in the Court of Appeal under Case No: CA (Writ) 166/2018. The matter was supported on 28 November 2018 and notices were issued on the respondents.

Thereafter, SLC filed objections on 15 February 2019 as directed by Courts. The case is fixed for Argument on 3 June 2021.

Except for disclosed above there has not been a significant change in the nature of the contingent liabilities, which were disclosed in the audited financial statements for the year ended 31 December 2019.

21 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 9,777,542,685 (31.12.2019 - Rs. 8,669,997,774) and Rs. 13,913,085,606 (31.12.2019 - Rs. 13,169,991,159) of the Company and the Group respectively.

22 Reclassifications

- (a) The Company's and Group's interest payable on borrowings was previously presented under trade and other payables in the statement of financial position. However, management considers it more relevant if interest payable on borrowings is presented under current borrowings. Prior year comparatives as at 31 December 2019 have been restated by reclassifying Rs. 189,355,760 and Rs. 193,843,252, from trade and other payables to current borrowings, for the Company and the Group respectively.
- (b) Overpaid amounts by subscribers of the Company and Group as at the reporting date, was previously presented under trade and other receivables in the statement of financial position. However, management considers it more relevant if overpaid amounts by subscribers is presented under trade and other payables. Prior year comparatives as at 31 December 2019 have been restated by reclassifying Rs. 581,140,984 and Rs. 935,650,758, from trade and other receivables to trade and other payables, for the Company and the Group respectively.
- (c) Investments in the form of deposits placed at banks and government securities, with maturity periods exceeding three months were previously presented under cash and cash equivalents in the statement of financial position and has been reclassified under other financial assets as at 31 December 2020. Prior year comparatives as at 31 December 2019 for the Group, have been restated by reclassifying Rs. 242,613,040 from cash and cash equivalents to other financial assets.

23 Events after the reporting period

- (a) The Board of Directors has recommended a final dividend of Rs. 0.74 per share amounting to Rs. 6,048,618,738 for the financial year 2020, subject to the approval of the shareholders at the Annual General Meeting.
- (b) Dialog Broadband Networks (Private) Limited ('DBN'), a wholly owned subsidiary of the Company, acquired 100% of the shareholding in H One (Private) Limited, Sri Lanka's leading Microsoft solutions provider on 7 January 2021.

No circumstances have arisen since the statement of financial position date which require adjustments to, or disclosure in the financial statements.