

DIALOG AXIATA PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2021**





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

Introduction

We have reviewed the accompanying condensed statements of financial position of Dialog Axiata PLC and its subsidiaries as at 30 June 2021, 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.

4 August 2021

Date

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', positioned above the printed name.

PricewaterhouseCoopers

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DIALOG AXIATA PLC**Statement of financial position**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	30 Jun 2021 (Reviewed)	31 Dec 2020 (Audited)	30 Jun 2021 (Reviewed)	31 Dec 2020 (Audited)
ASSETS				
Non-current assets				
Intangible assets	18,083,192	17,468,592	6,898,359	6,480,786
Contract costs	9,309,901	7,841,872	2,082,884	1,825,600
Right-of-use assets	5,804,306	5,135,935	5,633,282	4,923,897
Property, plant and equipment	115,309,376	118,475,106	80,834,717	82,317,105
Deferred tax asset	167,458	173,503	-	-
Investment in subsidiaries	-	-	50,977,228	50,946,786
Investment in associates	121,752	127,655	-	-
Other financial assets	468,239	544,099	-	-
	149,264,224	149,766,762	146,426,470	146,494,174
Current assets				
Inventories	2,127,461	1,166,018	533,934	57,106
Trade and other receivables	25,387,165	19,475,762	23,393,528	20,433,790
Other financial assets	1,214,153	624,011	-	-
Cash and cash equivalents	13,677,769	16,660,136	11,066,586	13,772,866
	42,406,548	37,925,927	34,994,048	34,263,762
Total assets	191,670,772	187,692,689	181,420,518	180,757,936
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	28,855,862	28,467,285	28,855,862	28,467,285
Reserves	54,519,340	53,745,783	62,418,931	63,118,890
Non-controlling interest	(53,864)	(10,006)	-	-
Total equity	83,321,338	82,203,062	91,274,793	91,586,175
LIABILITIES				
Non-current liabilities				
Borrowings	15,080,791	19,721,329	14,189,124	18,587,996
Other financial liabilities	34,500	30,700	-	-
Lease liabilities	5,061,505	4,339,514	4,892,848	4,140,856
Deferred revenue	486,143	565,653	486,143	565,653
Contract liabilities	1,626,258	1,614,099	658,860	769,940
Employee benefit payables	1,735,555	1,604,196	1,341,601	1,245,008
Provision for other liabilities	1,977,357	1,984,542	1,752,737	1,760,790
Deferred tax liability	108	108	-	-
	26,002,217	29,860,141	23,321,313	27,070,243
Current liabilities				
Trade and other payables	47,514,330	44,700,230	36,367,936	35,596,689
Borrowings	21,931,475	20,704,582	19,928,884	18,077,333
Other financial liabilities	576,307	486,673	-	-
Lease liabilities	1,334,664	1,627,689	1,269,479	1,556,327
Contract liabilities	10,033,703	7,201,266	8,324,667	5,986,089
Current income tax liabilities	956,738	909,046	933,446	885,080
	82,347,217	75,629,486	66,824,412	62,101,518
Total liabilities	108,349,434	105,489,627	90,145,725	89,171,761
Total equity and liabilities	191,670,772	187,692,689	181,420,518	180,757,936
Net assets per share (Rs.)	10.16	10.06	11.13	11.20

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: 04/08/2021

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: 04/08/2021

Director

Date: 04/08/2021

DIALOG AXIATA PLC**Statement of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Six months ended 30 Jun		Six months ended 30 Jun	
	2021	2020	2021	2020
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Revenue	67,929,320	57,423,637	44,081,746	39,573,203
Direct costs	(39,093,249)	(32,781,183)	(20,637,693)	(19,237,506)
Gross profit	28,836,071	24,642,454	23,444,053	20,335,697
Distribution costs	(6,758,697)	(6,324,093)	(5,749,658)	(5,521,563)
Administrative costs	(10,395,730)	(9,909,603)	(7,984,288)	(7,122,623)
Net impairment losses on financial assets	(763,931)	(1,805,204)	(483,233)	(623,167)
Other income	160,683	41,459	129,247	40,067
Operating profit	11,078,396	6,645,013	9,356,121	7,108,411
Finance income	167,239	126,627	164,742	139,221
Finance costs	(943,471)	(1,317,131)	(837,350)	(1,107,956)
Net foreign exchange losses	(2,236,764)	(699,056)	(2,162,187)	(820,830)
Finance costs - net	(3,012,996)	(1,889,560)	(2,834,795)	(1,789,565)
Share of loss from associates - net of tax	(5,904)	(2,257)	-	-
Profit before income tax	8,059,496	4,753,196	6,521,326	5,318,846
Income tax expense	(1,014,274)	(966,411)	(929,349)	(841,031)
Profit for the period	7,045,222	3,786,785	5,591,977	4,477,815
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	-	(163)	-	-
- remeasurements of defined benefit obligations, net of tax	-	54	-	-
Other comprehensive income for the period, net of tax	-	(109)	-	-
Total comprehensive income for the period	7,045,222	3,786,676	5,591,977	4,477,815
Profit / (loss) for the period attributable to:				
- owners of the Company	7,064,804	3,800,189	5,591,977	4,477,815
- non-controlling interest	(19,582)	(13,404)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	7,064,804	3,800,081	5,591,977	4,477,815
- non-controlling interest	(19,582)	(13,405)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.86	0.47	0.68	0.55

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 30 Jun		Three months ended 30 Jun	
	2021	2020	2021	2020
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Revenue	35,079,054	28,173,722	22,278,880	19,095,819
Direct costs	(20,257,877)	(16,302,869)	(10,320,152)	(9,603,969)
Gross profit	14,821,177	11,870,853	11,958,728	9,491,850
Distribution costs	(3,424,108)	(2,981,400)	(2,913,522)	(2,618,486)
Administrative costs	(5,217,131)	(5,298,720)	(4,078,185)	(3,802,687)
Net impairment losses on financial assets	(550,680)	(1,138,492)	(334,598)	(261,020)
Other income	39,220	18,187	29,649	17,768
Operating profit	5,668,478	2,470,428	4,662,072	2,827,425
Finance income	80,371	73,033	80,501	76,080
Finance costs	(486,700)	(635,531)	(437,634)	(525,994)
Net foreign exchange (losses) / gains	(130,831)	913,968	(190,620)	881,648
Finance (costs) / income - net	(537,160)	351,470	(547,753)	431,734
Share of loss from associates - net of tax	(3,795)	(1,400)	-	-
Profit before income tax	5,127,523	2,820,498	4,114,319	3,259,159
Income tax expense	(521,214)	(513,681)	(469,347)	(427,066)
Profit for the period	4,606,309	2,306,817	3,644,972	2,832,093
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	-	-	-	-
-remeasurements of defined benefit obligations, net of tax	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	4,606,309	2,306,817	3,644,972	2,832,093
Profit / (loss) for the period attributable to:				
- owners of the Company	4,616,559	2,311,296	3,644,972	2,832,093
- non-controlling interest	(10,250)	(4,479)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	4,616,559	2,311,296	3,644,972	2,832,093
- non-controlling interest	(10,250)	(4,479)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.56	0.28	0.44	0.35

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 2021	28,467,285	53,745,783	(10,006)	82,203,062
Profit / (loss) for the period	-	7,064,804	(19,582)	7,045,222
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	7,064,804	(19,582)	7,045,222
Transactions with non-controlling interest	-	689	(24,276)	(23,587)
Employee share schemes - value of employee services	-	165,091	-	165,091
Dividends to equity holders	-	(6,068,450)	-	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-	-
Balance at 30 June 2021	28,855,862	54,519,340	(53,864)	83,321,338
Balance at 1 January 2020	28,103,913	46,134,448	12,860	74,251,221
Profit / (loss) for the period	-	3,800,189	(13,404)	3,786,785
Other comprehensive income	-	(108)	(1)	(109)
Total comprehensive income for the period	-	3,800,081	(13,405)	3,786,676
Transactions with non-controlling interest	-	(4,854)	14,809	9,955
Employee share schemes - value of employee services	-	162,472	-	162,472
Dividends to equity holders	-	(4,316,203)	-	(4,316,203)
Balance at 30 June 2020	28,103,913	45,775,944	14,264	73,894,121
Balance at 1 July 2020	28,103,913	45,775,944	14,264	73,894,121
Profit / (loss) for the period	-	8,233,940	(18,039)	8,215,901
Other comprehensive income	-	(296,956)	(8,182)	(305,138)
Total comprehensive income for the period	-	7,936,984	(26,221)	7,910,763
Transaction with non-controlling interest	-	232	1,951	2,183
Employee share schemes - value of employee services	-	395,995	-	395,995
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

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	28,467,285	63,118,890	91,586,175
Profit for the period	-	5,591,977	5,591,977
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,591,977	5,591,977
Employee share schemes - value of employee services	-	165,091	165,091
Dividends to equity holders	-	(6,068,450)	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-
Balance at 30 June 2020	28,855,862	62,418,931	91,274,793
Balance at 1 January 2020	28,103,913	55,658,646	83,762,559
Profit for the period	-	4,477,815	4,477,815
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	4,477,815	4,477,815
Employee share schemes - value of employee services	-	162,472	162,472
Dividends to equity holders	-	(4,316,203)	(4,316,203)
Balance at 30 June 2020	28,103,913	55 982,730	84 086 643
Balance at 1 July 2020	28,103,913	55,982,730	84,086,643
Profit for the period	-	7,261,741	7,261,741
Other comprehensive income	-	(158,204)	(158,204)
Total comprehensive income for the period	-	7,103,537	7,103,537
Employee share schemes - value of employee services	-	395,995	395,995
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 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	Group 30 June		Company 30 June	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Cash flows from operating activities				
Cash generated from operations	28,265,798	20,628,632	25,093,388	16,584,023
Interest received	189,783	167,828	157,265	130,340
Interest paid	(852,987)	(1,214,998)	(916,145)	(1,061,776)
Taxes paid	(794,058)	(778,348)	(790,926)	(725,622)
Employee benefits paid	(28,514)	(75,717)	(13,822)	(62,129)
Net cash generated from operating activities	26,780,022	18,727,397	23,529,760	14,864,836
Cash flows from investing activities				
Purchase of property, plant and equipment	(20,202,032)	(10,899,649)	(18,560,255)	(8,373,860)
Purchase of intangible assets	(322,723)	(747,122)	(269,940)	(647,114)
Acquisition of subsidiary, net of cash acquired	13,567	-	(30,442)	-
Investment in subsidiaries	-	-	-	(772,111)
Net cash flows used in other financial assets	(31,098)	(59,942)	-	-
Proceeds from sale of property, plant and equipment	-	4,105	-	4,105
Net cash used in investing activities	(20,542,286)	(11,702,608)	(18,860,637)	(9,788,980)
Cash flows from financing activities				
Repayment of borrowings	(15,408,623)	(2,739,867)	(13,790,919)	(2,052,367)
Proceeds from borrowings	8,030,000	-	8,030,000	-
Principal element of lease payment	(1,297,314)	(884,729)	(1,084,990)	(849,553)
Redemption of preference shares from non-controlling interests	(15,356)	-	-	-
Proceeds from share issue - non-controlling interests	6,566	9,955	-	-
Dividends paid to ordinary shareholders	(998,546)	-	(998,546)	-
Net cash used in financing activities	(9,683,273)	(3,614,641)	(7,844,455)	(2,901,920)
Net (decrease) / increase in cash and cash equivalents	(3,445,537)	3,410,148	(3,175,332)	2,173,936
Movement in cash and cash equivalents				
At beginning of the period	16,660,136	7,631,374	13,772,866	6,333,191
(Decrease) / increase	(3,445,537)	3,410,148	(3,175,332)	2,173,936
Effect of exchange rate changes	463,170	(104,911)	469,052	(111,243)
At end of the period	13,677,769	10,936,611	11,066,586	8,395,884

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], software solutions, 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 period ended 30 June 2021 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 2020.

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 six months ended 30 June 2021 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	47,795,399	20,307,011	4,876,282	-	72,978,692
Inter-segment revenue	(3,504,695)	(1,514,622)	(30,055)	-	(5,049,372)
Revenue from external customers	44,290,704	18,792,389	4,846,227	-	67,929,320
Segment operating profit / (loss) for the period	9,315,972	2,161,601	(212,296)	(186,881)	11,078,396
Finance costs - net					(3,012,996)
Share of loss from associate - net of tax					(5,904)
Profit before income tax					8,059,496
Income tax expense					(1,014,274)
Profit for the period					7,045,222

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	10,864,553	4,447,939	1,636,135	-	16,948,627

- The segment assets and liabilities at 30 June 2021 and capital expenditure for the six months then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	189,493,887	49,141,866	8,509,016	(43,276,059)	203,868,710
Inter-segment assets	(11,815,220)	(281,690)	(101,028)	-	(12,197,938)
Total assets	177,678,667	48,860,176	8,407,988	(43,276,059)	191,670,772
Liabilities	97,027,063	16,239,972	6,716,075	-	119,983,110
Inter-segment liabilities	(4,687,640)	(5,674,912)	(1,271,124)	-	(11,633,676)
Total liabilities	92,339,423	10,565,060	5,444,951	-	108,349,434
Capital expenditure	7,981,554	2,132,170	4,072	-	10,117,796

- The segment results for the six months ended 30 June 2020 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	41,793,873	15,293,623	4,261,768	-	61,349,264
Inter-segment revenue	(2,811,792)	(1,091,969)	(21,866)	-	(3,925,627)
Revenue from external customers	38,982,081	14,201,654	4,239,902	-	57,423,637
Segment operating profit / (loss) for the period	7,251,066	21,586	(558,786)	(68,853)	6,645,013
Finance costs - net					(1,889,560)
Share of profit from associates – net of tax					(2,257)
Profit before income tax					4,753,196
Income tax expense					(966,411)
Profit for the period					3,786,785

- 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	10,085,746	4,556,359	1,621,203	-	16,263,308

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

- 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

4 Reserves

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Attributable to the owners of the Company				
Retained earnings	54,266,814	53,269,769	62,150,684	62,627,155
Fair value through other comprehensive income ("FVOCI") reserve	(15,721)	(15,721)	-	-
Share-based payments reserve	268,247	491,735	268,247	491,735
Attributable to the non-controlling interest				
Non-controlling interest	(53,864)	(10,006)	-	-
	54,465,476	53,735,777	62,418,931	63,118,890

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 have 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 resurgence of the third wave of outbreak and related restrictions commencing mid-April 2021, the Group continued to see a gradual recovery in revenue and collections in 2021.

The current unprecedented situation is yet evolving and the future impact will heavily depend on the level of restrictions and time taken for the economy 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 30 June 2021.

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.

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

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 31 December 2020.

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 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.

9 Stated capital

Stated capital of the Company consists of 8,200,607,505 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 30 June

	2021 Rs.	2020 Rs.
- Highest	13.30	12.90
- Lowest	12.00	7.90
- Last traded	12.00	11.60

12 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 30 June 2021 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	2,408,910
Mr. Mohamed Muhsin	18,040
Mr. Supun Weerasinghe	2,181,600

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	82.74%
2 Employees Provident Fund	237,424,082	2.90%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.80%
4 CITI Bank New York S/A Norges Bank Account 2	129,074,552	1.57%
5 BNYM RE - Consilium Extended Opportunities Fund, L.P.	104,267,986	1.27%
6 Pershing LLC S/A Averbach Grauson and Co.	63,039,981	0.77%
7 BBH - Fidelity Funds	55,240,998	0.67%
8 J.B. Cocoshell (Private) Limited	50,989,063	0.62%
9 Employees Trust Fund Board	47,941,198	0.58%
10 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
11 SSBT - Retail Employees Superannuation Trust	26,483,134	0.32%
12 Northern Trust Company S/A Hosking Global Fund PLC	23,135,152	0.28%
13 SSBT-Sunsuper PTY. LTD. As Trustee For Sunsuper Superannuation Fund	18,492,884	0.23%
14 Hatton National Bank PLC-NDB Wealth Growth and Income Fund	14,954,638	0.18%
15 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%
16 Union Assurance PLC-Universal Life Fund	14,467,446	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 # 02	13,797,647	0.17%
19 Rubber Investment Trust LTD A/C NO 01	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:

	30 Jun 2021	31 Dec 2020
Public holding percentage	17.20%	16.94%
Number of public shareholders	21,563	21,769
Float adjusted market capitalisation (Rs.)	17,211,103,518	17,173,922,996

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

(a) 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.

(b) Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued and allotted 3,044,200 new ordinary shares in DHL to the Company on 30 March 2021. This share issue has not changed the composition of the Group.

(c) Digital Health (Private) Limited ('DH') a subsidiary of DHL, acquired 100% of the issued share capital of My Health Solutions (Private) Limited from its existing shareholders, Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF') and Aartiz Technologies (Private) Limited ('Aartiz') on 20 February 2021, in consideration of the issuance of 30% shares in DH, in the proportion of 20.45% to DADIF and 9.55% to Aartiz.

(d) Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of DHL, redeemed 186,002 of its preference shares on 11 March 2021, out of which 170,646 shares were redeemed from preference shares held by DHL. During the period, DADIF issued 40,343 preference shares out of which 33,777 were issued to DHL and the remaining preference shares were issued to individual shareholders. Pursuant to the transactions, DHL's stake in DADIF decreased to 88.86% from 90.18%.

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 2020.

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

16 Financial instruments measured at fair value

		Measurement criteria and the fair value					
		Level 1 Rs.000		Level 3 Rs.000		Total Rs.000	
Note		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Financial assets							
Financial assets at fair value through profit or loss (FVTPL)							
- Investment in quoted equities	(a)	1,155	1,513	-	-	1,155	1,513
- Investment in unquoted equities	(a)	-	-	127,443	205,865	127,443	205,865
Financial assets at fair value through other comprehensive income (FVOCI)							
- Investment in unquoted equities	(b)	-	-	187,728	187,728	187,728	187,728

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 the following financial institutions:

	30 Jun 2021	31 Dec 2020
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	75,446	97,716
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,335	64,276
	749,781	771,992

18 Revenue from contracts with customers

	Group		Company	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Mobile operation	44,290,704	38,982,081	44,081,746	39,573,203
Fixed telephony and broadband operation	18,792,389	14,201,654	-	-
Television operation	4,846,227	4,239,902	-	-
	67,929,320	57,423,637	44,081,746	39,573,203

	Group		Company	
Timing of revenue recognition	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
At a point in time	1,857,653	590,265	53,088	42,093
Over time	66,071,667	56,833,372	44,028,658	39,531,110
	67,929,320	57,423,637	44,081,746	39,573,203

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 was fixed for argument on several dates, the last date being 3 June 2021. However, it was not taken up for argument on 3 June 2021. The case will be mentioned on 4 August 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 2020.

21 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 27,081,199,523 (31.12.2020 - Rs. 9,777,542,685) and Rs. 31,436,914,651 (31.12.2020 - Rs. 13,913,085,606) of the Company and the Group respectively.

22 Events after the reporting period

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