



No
Dream too

big



*This Annual Report is also
available on our website:*
[https://sltmobitel.lk/en/about-us/investors/
financial-reports/annual](https://sltmobitel.lk/en/about-us/investors/financial-reports/annual)



No
Dream too
big

SLT-MOBITEL has truly delivered on our promise of stability and reliability, transforming the way people connect, live and work. Through our collective strength and resilience, SLT-MOBITEL has been a force of opportunity to generate collective progress, even amid a pandemic.

From connecting people to each other and to their entertainment to powering the engines of our economy and connecting our complex education and health and security systems, we are dedicated to empowering the livelihoods and endeavors of our people- whoever they are, whatever they do, and wherever they're from.

Our enduring belief in the transformative power of the right technology and services enables us to always offer value that matters. We connect limitless prospects, enabling Sri Lanka to build a future of promise and resilience. Because when changing our destiny is at the tip of our fingertips, no dream is too big.

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ABOUT THE REPORT

ABOUT OUR REPORT

Sri Lanka Telecom's 9th Annual Integrated Report presents a composite view of its performance for the financial year ending 31st December 2021, clearly setting out the financial, environmental, social and governance aspects, evidenced with appropriate metrics. It follows up on the progress reported in the previous annual report for the financial year ending 31st December 2020 which is available for download at www.sltmobitel.lk.

REPORTING FRAMEWORK

This report is prepared in compliance with the below given regulatory and voluntarily adopted frameworks.

SCOPE & BOUNDARY

The report provides financial and non-financial information of Sri Lanka Telecom PLC and its 9 subsidiaries. Information relating to the Group and the Company is duly identified where relevant to provide clarity. It focuses on material themes that can significantly impact the Group's ability to create value over the short, medium and long term which are set out on page 71. The report adopts a multi capital reporting approach in line with the <IR> Framework.

ASSURANCE

Assurance on Financial Statements are provided by Ernst & Young while assurance on non-financial information has been provided by GCEO/DIRECTOR, CEO and relevant Management personnel.

FORWARD LOOKING STATEMENTS

We have provided forward looking statements based on our assessment of the Group's ability to create value. These rely on trends observed and external forecasts and existing policy environment. As the operating environment remains fluid with high levels of uncertainty, these are subject to change and investors are advised to seek updated information at the time of reading the report. All forward looking statements are provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report due to the reasons enumerated above.

PRECAUTIONARY PRINCIPLE

SLT Group is committed to taking cost effective measures to prevent environmental degradation where there are threats of serious or irreversible damage despite lack of full scientific certainty in compliance with

principle 15 of The Rio Declaration on Environment and Development.

RESPONSIBILITY

The Management of the Sri Lanka Telecom PLC has prepared and reviewed the Integrated Annual Report for the financial year 2021.

The Board and the management of Sri Lanka Telecom acknowledges its responsibility to provide a balanced view of its performance in 2021, addressing all material issues as at the date of the report.

The report is signed on behalf of the Board by

Rohan Fernando
Chairman

Mohan Weerakoon. PC
Audit Committee Chairman

Janaka Abeysinghe
Chief Executive Officer

WHAT WE CHANGED THIS YEAR

1. We redefined our capitals in line with the 6 capitals set out in the <IR> Framework
2. Improved presentation to enhance readability of the report.

We welcome feedback on this report which can be directed to:

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Group Company Secretary
Sri Lanka Telecom PLC
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Colombo 01
Sri Lanka

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REGULATORY

- > Companies Act No.7 of 2007
- > CSE Continued Listing Rules
- > Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka

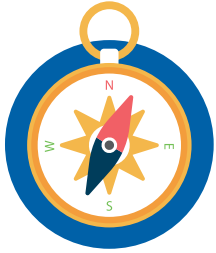


VOLUNTARY

- > Integrated Reporting Framework published by IIRC
- > GRI Standards issued by the Global Reporting Initiative
- > Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

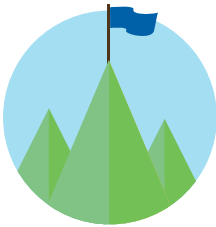
ABOUT US

Sri Lanka Telecom is the National Information and Communication Technology solutions provider, connecting over 10.2 million subscribers, and has always being in the forefront in catering to the nation's requirements. Being catalyst in the integration of the country with global economy, Sri Lanka Telecom group provides diversified services encompassing fixed and mobile telephony, broadband, data services, Internet Protocol Television, cloud computing and hosting services and networking solutions.



Vision

All Sri Lankans seamlessly connected with world-class information, communication and entertainment services



Mission

Your trusted and proven partners for innovative and exciting communication experiences delivered with passion, quality and commitment



Values

Customer Caring

We put our customers at the centre of everything we do

Trustworthy

We are true to our promises

Innovative

We continuously invent new opportunities through creative thinking

Responsive

We are ready to listen and act promptly

Teamwork

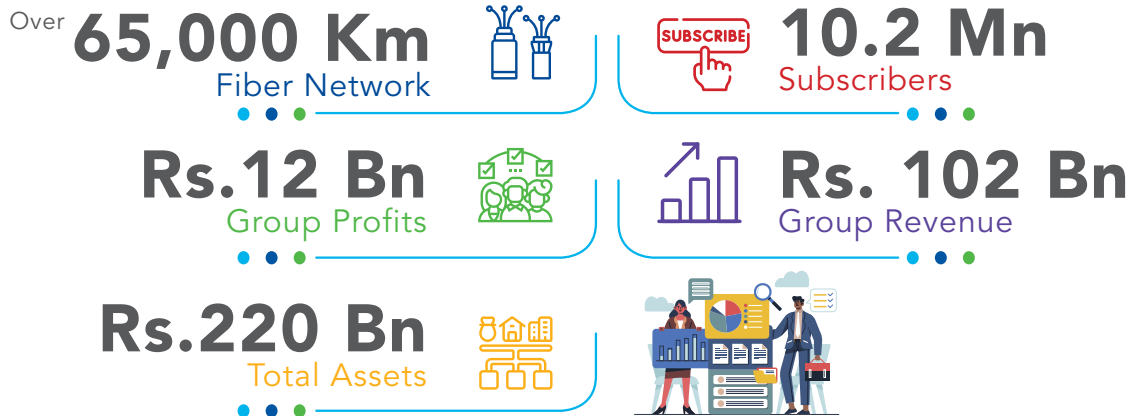
We are one team with a common purpose to achieve common goals

Excellence

We are committed to exceptional performance

Results Driven

We are committed to enhancing shareholder value



A Diverse Portfolio of Telecommunication Services

	Fixed ICT Operations	Mobile ICT Operations	Other Segment Operations
Services Provided	<ul style="list-style-type: none"> Voice Broadband IPTV Digital Data Data Center and Cloud Wholesale International 	<ul style="list-style-type: none"> Mobile Telephony IDD Services Mobile Money High Speed Broadband Enterprise Solutions 	<ul style="list-style-type: none"> Software Solutions Healthcare Channelling Digital Marketing Solutions Submarine Cable Maintenance ICT Infrastructure & System Integrator Solutions Tertiary Educational Services Directory Services Property Development
Technology	<ul style="list-style-type: none"> > Next Generation Network (NGN) > National Backbone Network (NBN) > Optical Fibre > ADSL2+ > VDSL2 > Carrier-grade WiFi > Fixed 4G LTE > Multiple international submarine cable networks 	<ul style="list-style-type: none"> > 4G-LTE/ 4.5G LTE Advanced /4.5G Pro LTE Advanced Pro > Carrier Grade WI-FI > VoLTE / VoWiFi > NBIOT > Mission Critical Solutions > 5G 	
Relevance to Group	Rs.54.69Bn Revenue	Rs.45.58Bn Revenue	Rs.2.08Bn Revenue
	Rs.158.20Bn Assets	Rs.78.03Bn Assets	Rs.5.65Bn Assets

OUR SOCIOECONOMIC IMPACT

DIGITAL INNOVATOR

COVERAGE

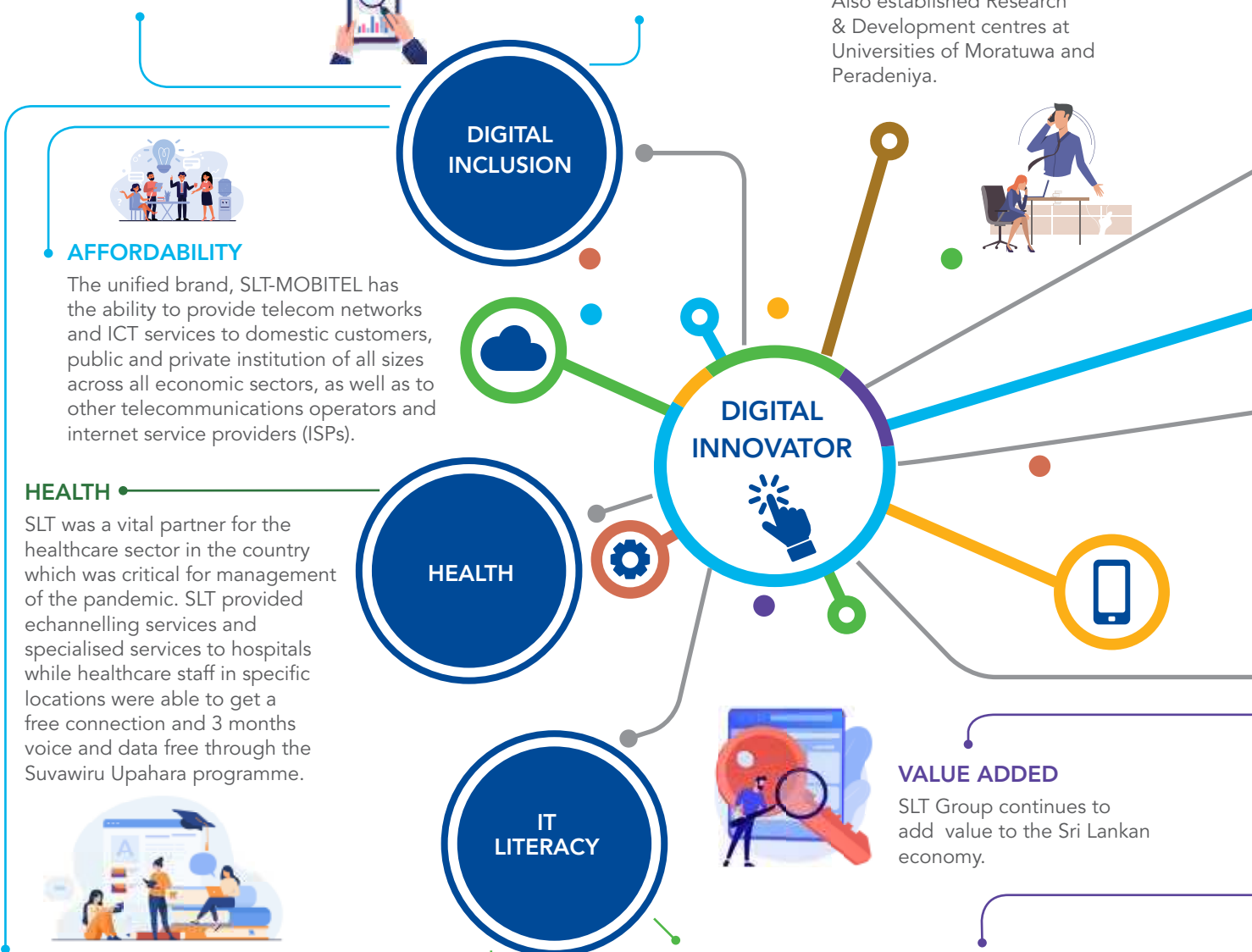
SLT's fibre technology deploys over 65,000 km of cables and 500 nodes to provide islandwide coverage. Rural penetration to bridge the digital divide is a key component of its strategy

INCLUSION DELIVERED

Enabling integration of all Sri Lankans to a knowledge economy with end-to-end fibre connectivity on dedicated lines through a digital highway with speeds from 100 Mbps up to 1,000 Mbps.

SLT RESEARCH & DEVELOPMENT CENTRE

Collaboration with several universities to fast track innovative products to market transforming lifestyles through relevant products and services. Also established Research & Development centres at Universities of Moratuwa and Peradeniya.



AFFORDABILITY

The unified brand, SLT-MOBITEL has the ability to provide telecom networks and ICT services to domestic customers, public and private institution of all sizes across all economic sectors, as well as to other telecommunications operators and internet service providers (ISPs).

HEALTH

SLT was a vital partner for the healthcare sector in the country which was critical for management of the pandemic. SLT provided echanneling services and specialised services to hospitals while healthcare staff in specific locations were able to get a free connection and 3 months voice and data free through the Suwavuru Upahara programme.

IT LITERACY

FOR SCHOOLS

SLT Group invests in multi-pronged efforts to enhance digital literacy of Sri Lankans. These include:

- > CSR Projects to build smart classrooms in remote schools
- > Donations of computers to under-privileged schools
- > 12 Months of rental free broadband
- > ICT awareness for teachers
- > Introducing e-learning platforms such as SLT Lynked, e-siphala

IT SKILLS DEVELOPMENT

Facilitating digital enablement for all Sri Lankans, paving the way for IT skills development across the country

VALUE ADDED

SLT Group continues to add value to the Sri Lankan economy.

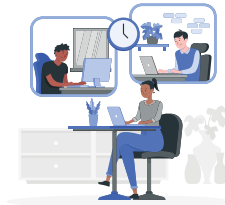
SUPPORTING EMPLOYMENT & LIVELIHOODS

SLT Group provides direct employment to over 8,000 employees around the country. It also provides indirect employment to outsourced employees through our islandwide network of branches.

FUTURE READY

INVESTING IN INFRASTRUCTURE

SLT Group has invested Rs. 28.5 Bn in expansion of its network, upgrading its IT systems and its Headquarters projects.



A PARTNER FOR PROGRESS



A CHANGE AGENT

Investments in 4G LTE, 5G and fibre propel has made Sri Lanka a leader in technology in South Asia keeping pace with emerging technologies such as AI, ML, IoT, virtual reality etc.

SOCIO ECONOMIC PROGRESS



POWERING THE IT SECTOR

A rapidly growing IT sector is highly dependent on SLT Group solutions to power their businesses, a responsibility we take seriously as we continue to ensure the country's integration to a virtual global market place.

ENVIRONMENTALLY RESPONSIBLE

SLT Group integrates environmental consideration into its strategy and investment decisions as it is committed to minimising its carbon footprint. The first Sri Lankan telecommunications operator to receive ISO 14064-1:2018 certification for greenhouse gas (GHG) emissions assessment.



A UNIFIED BRAND TO DELIVER THE FUTURE

The SLT Group plays a critical role as a catalyst in Sri Lanka's integration to the global economy through future forward investments in digital infrastructure, imagining our future. Partnering with the government as a key stakeholder in ensuring that the country's digital infrastructure is fit for the future, Group's innovative ICT solutions underpin the connectivity and smooth functioning of our daily lives.

The unified SLT-MOBITEL brand builds on a legacy of over 164 years to provide an unparalleled customer value proposition that supports the vision of a technology-based economy that benefits all.

SLT-MOBITEL enables the fulfilment of customer aspirations, be it in life or in work, making for greater efficiency, ease and limitless opportunities.

OUR SOCIOECONOMIC IMPACT

OUR COVERAGE

The rapid growth of its broadband footprint in Sri Lanka addresses the growing demand from customers for ultra-broadband, paving the way to providing a plethora of broadband-based services. It supports future proofing of its network



OUR REACH

SLT Group has islandwide coverage for fixed and mobile ICT services reaching over 10.2 million subscribers, supporting digital inclusion for all Sri Lankans. Our customers include domestic users, small and medium enterprises (SMEs) retail customers, multinationals and large enterprises, public sector institutions, other operators and wholesale customers. This is facilitated by an extensive fibre optic network of nearly 65,000 km across the country with broadband speeds of up to 1 Gbps.

NETWORK CONNECTIVITY

SLT replaced its legacy access network with fibre technology as part of its accelerated fibre initiative, laying 65,000 km of core fibre throughout the island, monetising the access network of copper cables valued over LKR 6 Bn. Traffic originating from various points in the island is accumulated by more than 500 nodes connected throughout the country, routing data to its destination within milliseconds. The core transmission network supports the speeds with

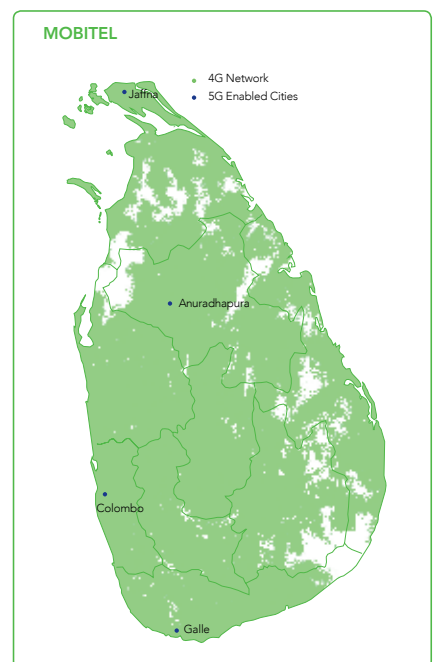
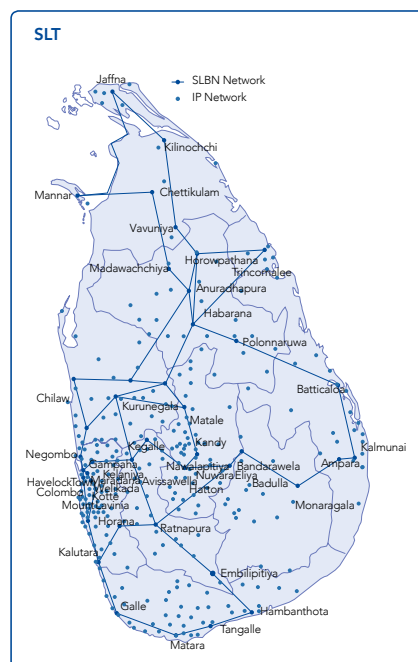
an ultra-high-speed capacity and cutting-edge routers facilitating new high-speed broadband services to enterprise and residential users across the country.

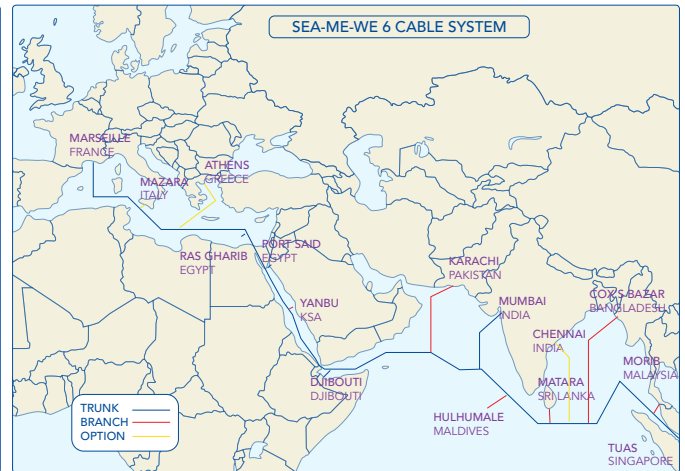
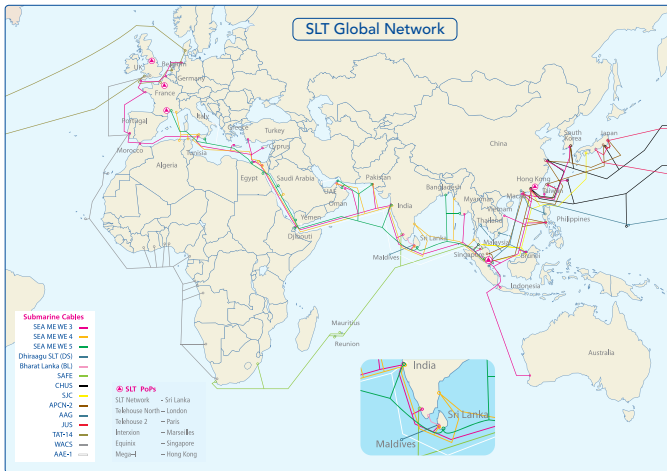
Over 10.2 million subscribers across Sri Lanka are connected with voice and broadband wireless services via GSM/EDGE (2G/2.5G), UMTS/HSPA/HSPA+/DC-HSPA+ (3G/3.5G/3.75G), LTE/LTE-Advanced (4G/4.5G) technologies through Mobitel.

The rapid growth of its broadband footprint in Sri Lanka addresses the growing demand from customers for ultra-broadband, paving the way to providing a plethora of broadband-based services. It supports future proofing of its network, enabling its evolution to virtualisation and software defined access networks (SDAN) by software upgrades.

NATIONAL BACKBONE NETWORK (NBN)

SLT's advanced fibre optic based nationwide telecommunication main backbone network is critical to the





Access Nodes in Network

No of MSAN

5,628

No of OLT

471

digitalisation of the country and connectivity to global opportunities, vital to the country's development in a digital era. Built on 100G technology, 500+ nodes, and 63 SLBN nodes function continuously with comprehensive protection schemes such as Automatically Switched Optical Network (ASON) and a comprehensive 1+2 redundancy system. The high quality network is one that features a high speed of 8 Tbps combined with extremely low latency.

SLT's IP network is the largest network in the island, comprising 100 Gbps backbone, metro rings, and multiple access rings consisting of over 500

high-capacity nodes and over 3,500 service segregation nodes. These provide intelligent IP transport services for various platforms which are related to delivering SLT's retail products (broadband, PeoTV, 4G, and Wi-Fi) and connecting government, enterprise, and network carriers. The NBN aims to pave the way for Sri Lanka's ICT development, meeting the future needs of all ICT operators in the country.

SOUTH ASIA'S FIRST SUBMARINE CABLE DEPOT

The Galle Submarine Cable Depot Ltd. is South Asia's first submarine cable depot, located in Galle. A joint venture between SLT and the Indian Ocean Cableship Private Limited (IOCP), it seeks to provide submarine cable spare storage facilities for regional telecom operators under the South East Asia Indian Ocean Cable Maintenance Agreement (SEAIOCMA) zone. The Submarine Cable Depot commenced operations in January 2019.

GLOBAL CONNECTIVITY

SLT connects Sri Lanka to the world through five international submarine cable systems-SEA-ME-WE 3, SEA-ME-WE 4, SEA-ME-WE 5, Bharat-Lanka and Dhiraagu-SLT system. We are also a key member of the SEA-ME-WE 5 cable consortium with a full cable landing station in Matara with

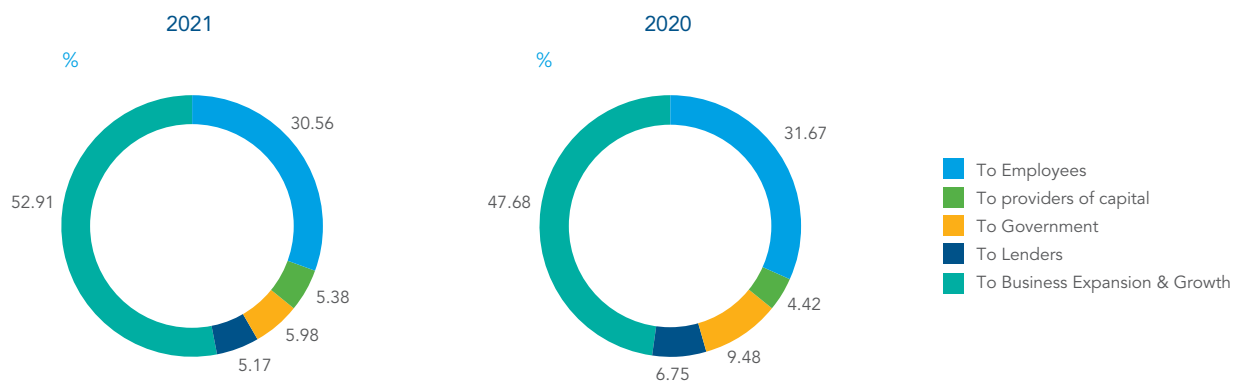
a capacity to connect to the East and West cable segments at 39 Tbps each.

The proposed SEA-ME-WE 6 submarine cable system that will run from Singapore to France has a design capacity of more than 100 Tbps with completion date set for Q1 2025. This is a key part of the content delivery network supporting SLT plans to focus on supporting rich media and video content in the future. The cable network is a vital component of the Sri Lanka's 5G network as well, providing customers access to rich content hosted in other countries with high-speed connectivity to those locations. The investment in SEA-ME-WE 6 cable has moved Sri Lanka's global connectivity capacity to the next level - with Terabits of capacity; making Sri Lanka and SLT ready to take on the anticipated data explosion.

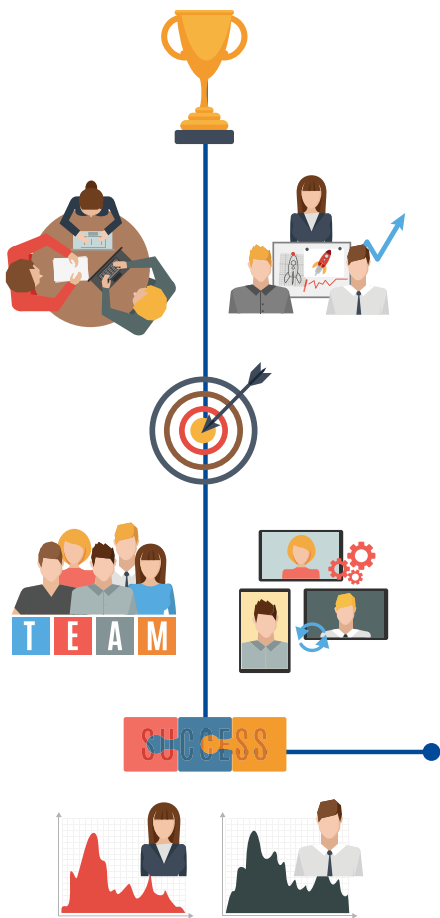
OUR SOCIOECONOMIC IMPACT

VALUE ADDED STATEMENT

	2021 Rs Mn.	%	2020 Rs Mn.	%
Value Added				
Revenue	102,348		91,119	
Other Income	2,478		2,186	
	104,826		93,305	
Goods and Services purchased from other sources	(37,083)		(32,466)	
Value creation	67,743		60,839	
Distribution of Value Added				
To Employees	20,701	30.56	19,268	31.67
- Salaries ,wages and other benefits				
To providers of capital				
- Dividend to shareholders	3,646	5.38	2,689	4.42
To Government				
- Taxes and Regulatory fees	4,051	5.98	5,768	9.48
To Lenders				
- Interest and Related charges	3,504	5.17	4,105	6.75
To Business Expansion and Growth				
- Depreciation	27,326	40.34	23,817	39.15
- Retained Income	8,515	12.57	5,192	8.53
	67,743	100	60,839	100



GROUP STRUCTURE



MOBITEL (PVT) LTD.

100%

Mobile service provider

@CHANNELLING

87.59%

E-Channelling PLC

Pioneer software development and ICT services for the Healthcare industry

MOBIT TECHNOLOGIES (PVT) LTD.

100%

Software solutions provider

SLT DIGITAL INFO SERVICES (PVT) LTD.

100%

Digital marketing, directory services, web development, event management and brand activation services

SLT VISIONCOM (PVT) LTD.

100%

Internet Protocol Television (IPTV) Services provider.

SLT HUMAN CAPITAL SOLUTIONS (PVT) LTD.

100%

Dormant company as operations ceased with the deployment of staff by SLT

TALENTFORT (PVT) LTD.

100%

Total HR solutions provider

SLT PROPERTY MANAGEMENT (PVT) LTD.

100%

Managing SLT's real estate resources

SRI LANKA TELECOM (SERVICES) LTD.

99.99%

Network and systems integration solutions provider



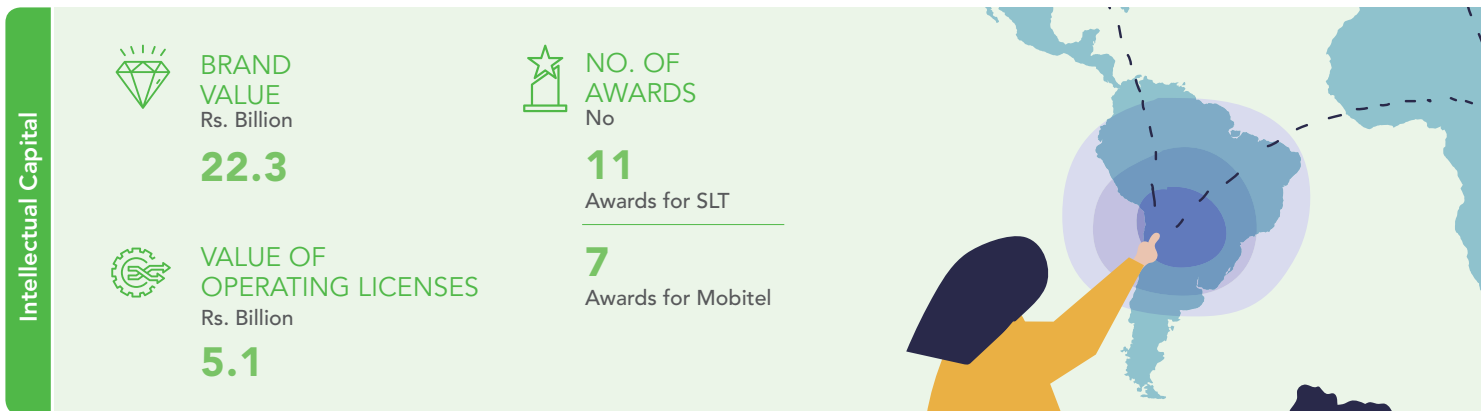
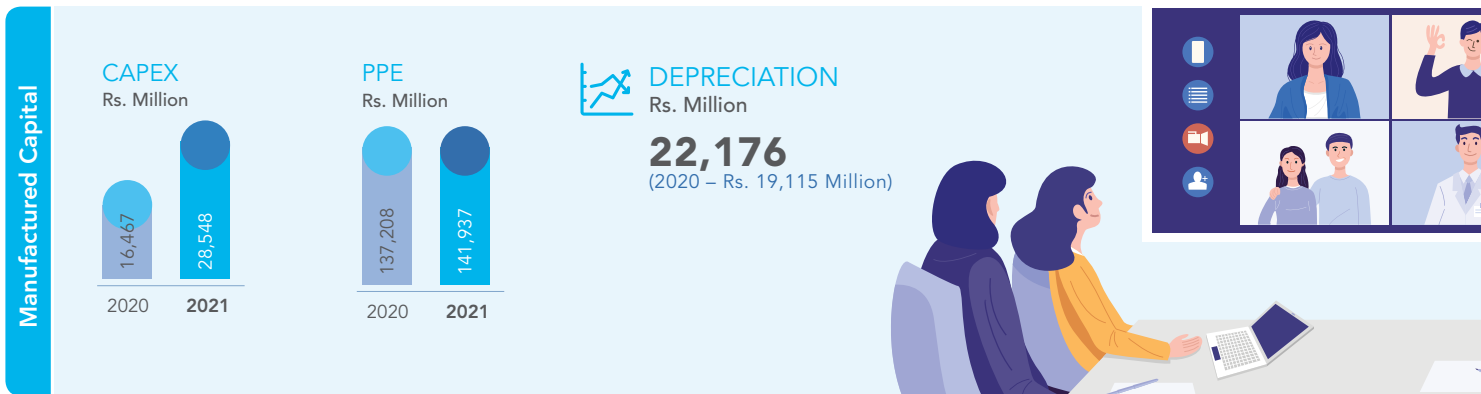
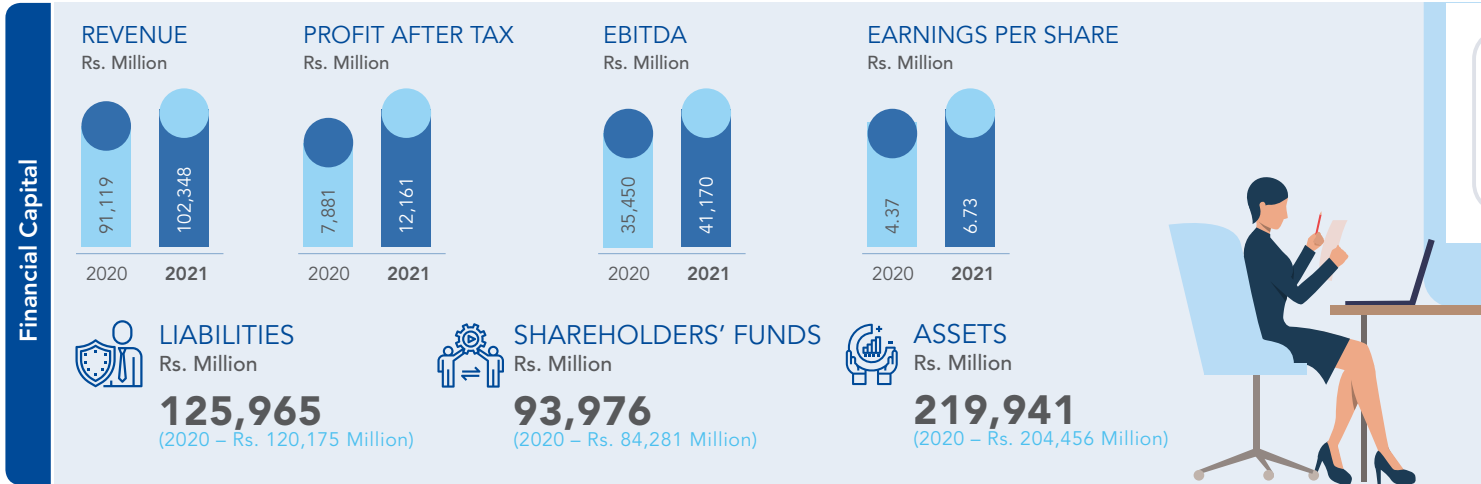
40%

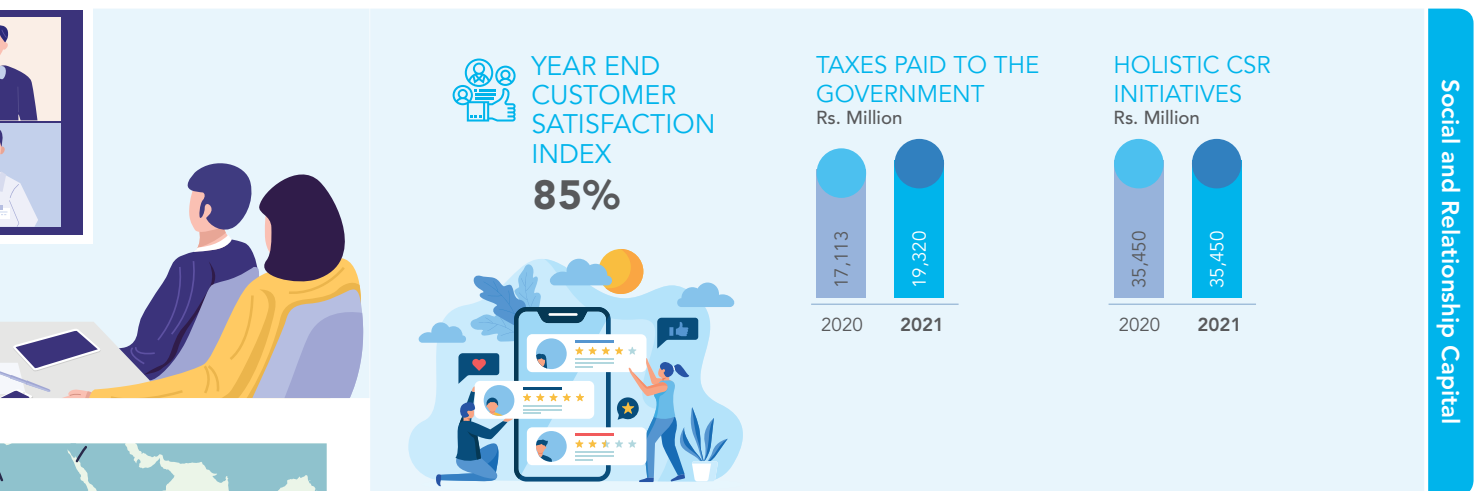
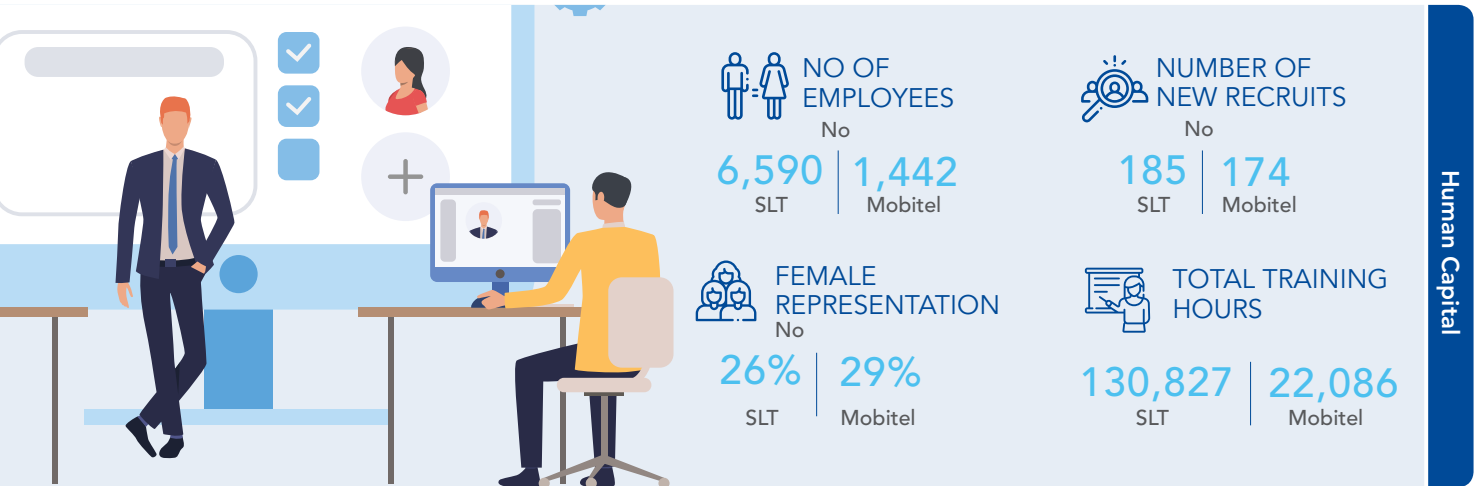
Galle Submarine Cable Depot (Pvt) Ltd

Submarine cable depot service provider

PERFORMANCE HIGHLIGHTS

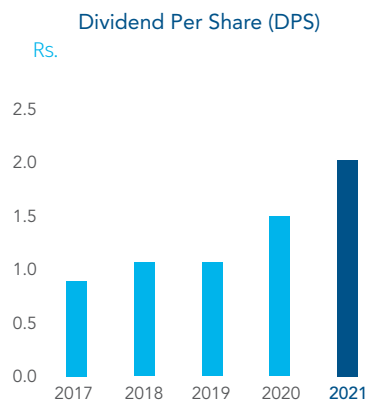
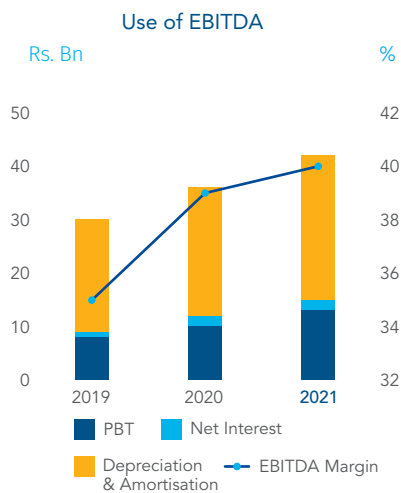
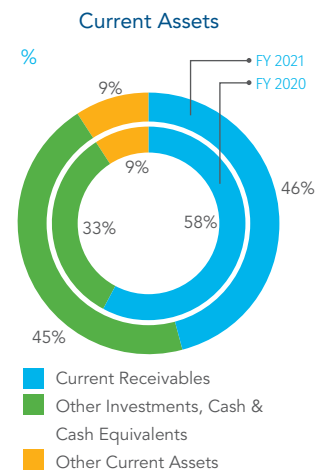
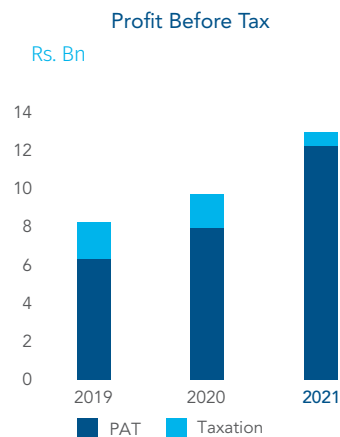
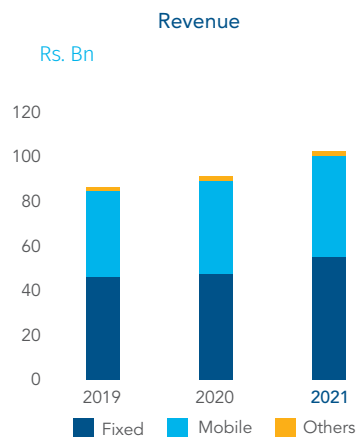
SLT Group plays a vital role in enabling the Government’s vision of a “Digitally Inclusive and Prosperous Sri Lanka”, which is citizen-centric, promoting IT entrepreneurship and establishing Sri Lanka as a global innovation hub.





2021 AT A GLANCE

	2021	2020	Change
Group			
Revenue	102,348	91,119	12.3%
EBITDA	41,170	35,450	16.1%
Operating profit	13,844	11,632	19.0%
Profit before tax	12,818	9,713	32.0%
Profit after tax	12,161	7,881	54.3%
Earnings Per Share (LKR)	6.73	4.37	54.1%
Company			
Revenue	59,811	51,552	16.0%
EBITDA	21,446	18,425	16.4%
Operating profit	3,336	3,502	-4.7%
Profit before tax	5,085	4,539	12.0%
Profit after tax	5,865	4,019	45.9%
Earnings Per Share (LKR)	3.25	2.23	45.9%



No

Goal too

Ambitious

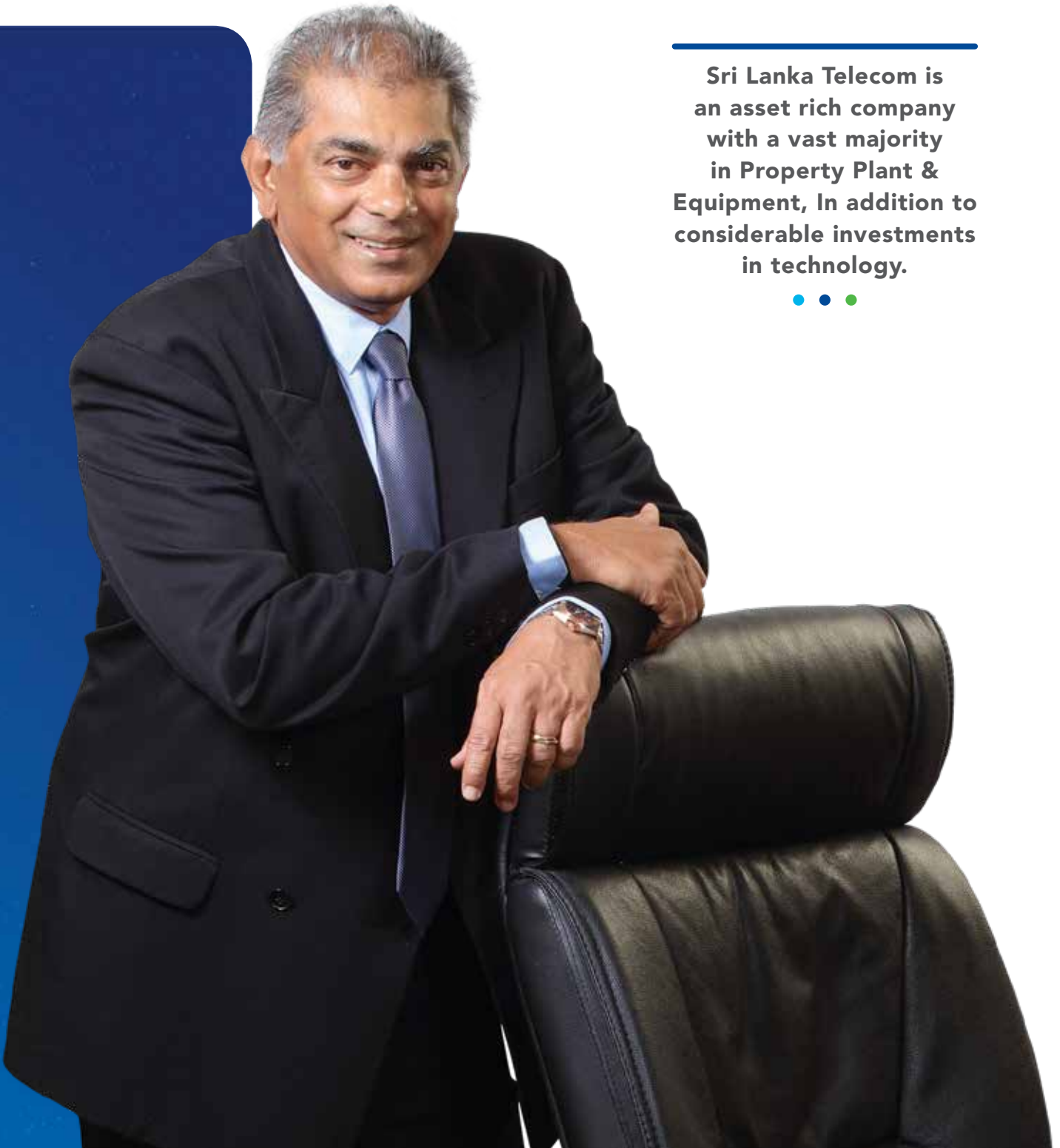


Executive Reviews

GROUP CHAIRMAN'S MESSAGE

Sri Lanka Telecom is the success story for privatization in the state sector. It has recorded strong growth in earnings post privatization while expanding its pivotal role in the digital evolution of the country.

Sri Lanka Telecom is an asset rich company with a vast majority in Property Plant & Equipment, In addition to considerable investments in technology.



Dear Shareholders,

I am pleased to report that Sri Lanka Telecom Group recorded a stellar performance delivering earnings growth of 54% to Rs.12.2 Bn in 2021. Its balance sheet strengthened recording asset growth of 8% to Rs.220 Bn and equity growth of 11% to 93.9 Bn in 2021. More importantly, its relevance to the country's socioeconomic progress continues to grow as we reach more subscribers with our unified brand value proposition while fulfilling our role as a catalyst for the digital transformation of the country at individual and enterprise levels.

On the negative side, the super gain tax proposed by the government will dent our profitability and cash flows. Nevertheless, as a responsible corporate we shall bear this in the hope it will help tide over the critical economic issues faced by the nation.

A SUCCESS STORY

Sri Lanka Telecom is the success story for privatization in the state sector. It has recorded strong growth in earnings post privatization while expanding its pivotal role in the digital evolution of the country. Listed in CSE with a govt holding of not more than 49.5%, we are currently in discussions for further dilution of equity as specified under listing rules to meet main board requirements. SLT market capitalisation of over Rs.70 Bn representing approximately 1.5% of the market capitalisation of the CSE is backed by a strong domestic franchise that has gained strength with the brand unification implemented in 2021.

In January 2020, we saw a company with immense potential, but its progress was obstructed in several areas. Staff unrest was at the top of the list with regular strikes and work stoppages leading to poor messaging to the customers especially, the corporate sector. There were also significant investments made but without the desired ROI. These were some of the key challenges the new Board addressed and took result-oriented steps to take SLT to a new era of growth and resource

optimisation. The excellent financial results posted this year is the success of these deliberations during 2021.

A BLUEPRINT FOR GROWTH

The outcome of the first board meeting was a blueprint for unlocking value to realise the potential of this nationally significant institution. I am happy to see that the early initiatives implemented in 2020 stabilised the company and enabled its move to the top of the ladder in 2021. The consolidation of Group companies under a Group CEO in 2020, was further enhanced with all main functions of HR, Finance, Legal and Brand Marketing being brought under the group umbrella for a unified and focused strategic direction.

The unified brand SLT-MOBITEL launched on the first working day of January 2021 was key to unlocking value and realizing Group synergies. We were able to achieve this in a cost-effective manner as it was done within the process of the advertising pitch presented by all reputed advertising agencies in Sri Lanka. By channelling the entire group advertising through one agency after a successful pitch, we were able to manage costs effectively.

The core principles, zero corruption, minimum wastage, maximum efficiency and inclusive management the new Board introduced in the beginning of 2020, are now firmly embedded in the governance code of operations. These helped in building confidence between the staff and the management and the adoption of new strategies. These critical changes made Sri Lanka Telecom the most powerful player in the telecommunications sector in the country with the broadest presence across the value chain and unparalleled capacity to meet the needs of up-and-coming tech companies, large corporates, general public and the state institutions.

UNLOCKING VALUE

Sri Lanka Telecom is an asset rich company with a fast majority in Property Plant & Equipment, In addition to considerable investments in technology. SLT real estate portfolio listed in the Annual Report is being

reviewed for monetizing through strategic partnerships. The Company is confident of a good revenue from this exercise and hopes to create a new revenue line of approximately 500 million per annum soon.

The brand unification launched in the beginning of 2021 supported the "One stop shop" concept which is now being implemented throughout the country. This enabled the Group to save rental expenses through the consolidation of operations under one roof. It also showcased the full spectrum of services and devices and enhanced the customer experience. For the next level of customer convenience, we are focusing on bill convergence for which approval from the Telecom Regulatory Commission is awaited. Additionally, the roll out of 5G technology will be available for experience in selected outlets.

UPHOLDING TRUST

Sri Lanka Telecom upheld the country's trust during the past two years as we all navigated perhaps the most challenging period in living memory. As the pandemic changed the way we work, learn and live, telecommunication was the lifeline for those who were sick, in quarantine or in need of comfort. Despite the health and safety challenges to our teams and the business disruptions, Sri Lanka Telecom upheld the trust of an entire nation providing an uninterrupted service and supporting the migration of thousands of businesses and people to digital platforms. It is hard to think of how we, as a nation, could have managed to maintain even the subdued levels of economic activity since the pandemic without this iconic company upholding its promise.

The leadership strategized to overcome the multiple challenges and our field staff worked in the front lines at considerable risk to provide new connections and address complaints, all united by a sense of purpose. Throughout this period, our staff remained motivated and national minded while effective engagement with trade unions supported business continuity throughout this critical period. It is important to note that we maintained our prices throughout

GROUP CHAIRMAN'S MESSAGE

Sri Lanka Telecom plays a key role in inclusive progress for all Sri Lankans as connectivity empowers them to access a host of services and improve their lifestyle. Connecting rural villages through the "Gamata Sannivedanaya" programme is an example of our vision of empowering Sri Lankans to participate effectively in the socioeconomic progress of our country.



this period to ensure that our services remained affordable to our customers, making Sri Lanka one of the cheapest countries for telecommunication services.

We needed to rewrite the book on managing the pandemic as we continued to be dogged by variants and waves in 2021 despite extensive vaccinations. Cybersecurity was a key concern as we also had a threat on ransomware. Managing these twin threats made business continuity planning a priority and significant time and resources were allocated to strengthening our defenses and response mechanisms. A vigilance committee was established which met weekly to assess the situation and address the issues. Sri Lanka Telecom upheld its trust with its employees as we implemented several measures for their safety and that of their families. Our holiday bungalows were converted to quarantine facilities for staff and their families. We also booked space at specialised care centres managed by hospitals for employees who needed additional care. We also provided dry rations for employees who tested positive and their families. A Group wide campaign to vaccinate our staff enabled us to get 90% of our staff vaccinated with two doses and now the booster is being administered to safeguard them. Employees also had access to medical advice through our e-channelling service. Sri Lanka Telecom was the first to contribute to the COVID fund as well. We are now able to move forward as a more resilient Group with an enhanced employee value proposition and the readiness to meet unforeseen challenges.

INTEGRATING ESG

Sri Lanka Telecom is committed to integrating ESG best practices into its business model, making it an essential part of our operating structure. A large energy bill provides strong motivation to formulate a holistic, long-term response and we will continue to seek solutions to reduce our energy consumption. Expansion of our fiber network coverage will support a decrease in our carbon

footprint and reduce the MSAN impact. Solar, wind, hydro and other renewable energy options are being evaluated to facilitate our transition to low carbon and renewable sources of energy.

SLT commenced its campaign to plant Mee trees (*Madhuca Longifolia*) islandwide under the ESG protocols to improve environment, empower underprivileged villages and govern the program through KPI's including geo tagging the plants and their ownership. Mee is an indigenous tree with natural pest control properties and contributes to fertilizing the soil and purifying the air. It is a historically significant tree as etched in our ancient stone tablets. This is an example of our commitment to finding sustainable solutions through knowledge, nature and science aligned with our culture and heritage.

The campaign will run over a few years and expand to other valuable tree species with an aim of exceeding million plants and earn carbon credit for the Company.

Integration of ESG into our systems and processes and the work culture rallies all to work beyond profit. Sri Lanka Telecom plays a key role in inclusive progress for all Sri Lankans as connectivity empowers them to access a host of services and improve their lifestyle. Connecting rural villages through the "Gamata Sannivedanaya" programme is an example of our vision of empowering Sri Lankans to participate effectively in the socioeconomic progress of our country. Other social aspects include providing digital access to health and other common services especially the "connect schools" program through our fibre optic backbone for uninterrupted connectivity for advanced education as an alternative to tuition.

NAVIGATING 2022 & BEYOND

The fragile global economic recovery observed in 2021 received a body blow with the Russian invasion of Ukraine in March 2022. Locally, the country continues to struggle with the foreign exchange liquidity

crisis and sharp devaluation of the rupee in March 2022 as looming debt repayments continue to hinder economic progress. It has also triggered a potential energy crisis which is a growing concern. Rising inflation which is a global issue is amplified in the local context, exacerbating the challenges ahead. We are cautiously optimistic that the pandemic is nearing endemicity, although we remain on high alert for developments around the world.

Our relevance to customers increased as we transformed from a telephone company to a tech company that is a catalyst for Sri Lanka's digital transformation. We are excited about delivering the future today as we connect people with fiber network to their homes, creating safe wi-fi zones to supporting a future fit lifestyle.

In 2021, we established "The Embryo", our own research and development arm which stems from the infusion of yin and yang to give life to ideas. Under this, we provide facilities to start up tech companies and our own innovators who will develop coding and applications.

A number of projects have been undertaken by "The Embryo" and we will see new products coming out of this in 2022 which will enhance our product range to customers and new applications and coding to improve our own systems. These innovations will transform our houses to smart homes with hither to unknown features. This will deliver services such as medical consultations, security, entertainment, education and also empower people to work and transact from the comfort of their homes facilitating a new era of smart living,

Although we delivered reliable Wi-Fi despite the upsurge in demand during the pandemic period, one of our issues has been the speed. This is being addressed by increasing the bandwidth with an investment of US\$ 50 Mn from our own funds in a new under the sea cable together with a consortium of 16 telecom companies in the region to improve broadband and data services. The

increased capacity will support the growth of data centres, supporting new employment opportunities in the country.

We are also enhancing our data centres and transforming them to data farms, encouraging corporates to use our data servers as opposed to the current model of operating their own server rooms which is an expensive solution. Our data farms will enable these corporates to reduce the cost of operations while retaining control over their information assets. This will be a key campaign for Sri Lanka Telecom in 2022.

Sri Lanka Telecom will also leverage its Group strength through a Group Treasury function to manage Group cashflows, reduce interest rates and strengthen the Group's financial resilience with zero debt by 2023. We are pleased that we are very much on course towards this goal with stringent financial management and optimized use of assets.

We had a change in leadership at Mobitel in 2021 as Mr. Chandika Vithanage took over the reins. There was a change in leadership at Sri Lanka Telecom in February 2022 as well with Mr. Janaka Abeysinghe taking over as the Chief Executive. A new COO is also designated to take over in July 2022. These changes will also support new ideas and development of new capabilities across the Group.

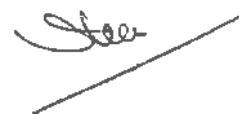
ACKNOWLEDGEMENTS

All of the above would not have been possible without the willing cooperation of key stakeholders. The management and the employees of the Sri Lanka Telecom Group have set an example to all utility companies in the country as they worked throughout the difficult times without unfair demands demonstrating the commitment to serve the nation and its people at a critical time. The Board joins me in commending their efforts and thanking them for their unstinted support.

Effective leadership is a sine qua non for sustained growth integrating

ESG at its core. I am grateful for the commitment of the Board of Directors, for their cooperation in this regard and for their support in driving the changes required to transform Sri Lanka Telecom into a resilient future forward technology company that can lead Sri Lanka through the 5th industrial revolution.

All of this is possible due to a loyal customer base that continues to trust Sri Lanka Telecom for inclusion in the socioeconomic progress of the country as we empower them to connect locally to global opportunities for learning, earning and innovating. The Board, our teams and I are committed to paving the way to empower our customers through a growing portfolio of products and services that will support their lifestyle and career aspirations, taking Sri Lanka to a new era of growth.



Rohan Fernando
Chairman SLT Group

15 March 2022

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

The cornerstone of the Group's strategy was the SLT-Mobitel brand unification which supported realisation of significant group synergies and the positioning of the Group as the National ICT solution services provider.



Sri Lanka Telecom Group delivered a strong performance with topline growth of 12.3% year on year to Rs.102.3 Bn boosted by 16% growth in fixed telephony operations and 9% growth in mobile operations.



Dear Stakeholders,

REFLECTIONS ON 2021

Digital transformation across the world accelerated with the onset of the COVID-19 pandemic in 2020 and continued to gather momentum in 2021. Sri Lanka Telecom has been at the forefront of the country's digital transformation, supporting people, businesses and government entities migrate to digital platforms for a growing number of applications. As the pandemic continued to disrupt economic activity in 2021 as well, digital platforms continued to keep people connected and entertained while supporting learning and working from home, significantly minimising its impact. Several key industries including banks, hospitals, the retail and food industries accelerated digital empowerment of their customers which supported the surge in e-commerce and online transactions in 2021 facilitating enhanced customer satisfaction. These initiatives led to significant progress of the Government's vision for a digital Sri Lanka.

Sri Lanka Telecom continued to invest in upgrading its infrastructure, paving the way for Sri Lanka's integration into the global marketplace and the 5th industrial revolution that we are living through. We are expanding our fibre and 5G technology networks to support higher speeds for all. With the brand unification, we focused on delivering integrated solutions combining the wide range of services provided by both Sri Lanka Telecom and Mobitel to provide total solutions for individual and corporate customers. Our integrated enterprise solutions are unparalleled supporting growth of the country's vital IT sector which is key to its socioeconomic progress. Our investments in the SEA-ME-WE cables have been the gateway to the country's integration with the world and we are now investing in our 6th cable enhancing capacity and speed which will be commissioned in 2022.

A commitment to drive growth without corruption and waste in an inclusive manner supported the Sri Lanka Telecom Group to

overcome significant challenges in 2021 and increase the efficiency of our operations. We anticipated the evolution of technology before it transformed, and we were future ready in terms of infrastructure developments for the modern technology. SLT-MOBITEL now clearly poised as the National ICT solution services provider, reinforcing our strengths to provide an unmatched value proposition to individuals and corporates of all sizes.

GROUP STRATEGY AND VISION

The cornerstone of the Group's strategy was the SLT-Mobitel brand unification which supported realisation of significant group synergies and the positioning of the Group as the National ICT solution services provider. These include the ability to offer seamlessly integrated solutions to customers, strengthening customer service and driving significant cost efficiencies in a number of areas. It also eliminated confusion of brands by customers who are now able to obtain the full range of solutions under one roof.

We also divested non-core businesses to concentrate on our core businesses which has supported our performance during the year as we are now realizing the benefits through improved focus and productivity. Further, the clear definition of metrics and goals supported oversight and performance management, synchronizing activities towards organisation goals. These initiatives supported the SLT Group to record the highest turnover in its entire history while maintaining prices and ensuring that access to Wi-Fi remained affordable with attractively priced Work From Home (WFH) and Work From POD (WFP) packages to support people through the pandemic years.

Sri Lanka Telecom was ranked among the Top Ten in the country's prestigious Best Corporate Citizen Sustainability Awards in 2021 and was also the winner of the Other category. Our efforts to support the nation during the pandemic were recognised with an award for demonstrating resilient practices during this period

at the same award programme organised by the Ceylon Chamber of Commerce.

DELIVERING PERFORMANCE

Sri Lanka Telecom Group delivered a strong performance with topline growth of 12.3% year on year to Rs.102.3 Bn boosted by 16% growth in fixed telephony operations and 9% growth in mobile operations. Profit After Tax growth of 54.3% to Rs.12.2 Bn was largely attributable to the enhanced profitability of mobile operations which increased by 63.8% to Rs. 8 Bn accounting for 66% of Group Profits after tax while profitability from fixed telephony operations increased by 46% to Rs. 5.9 Bn accounting for the balance. EBITDA of the Group grew at 16.1% to Rs. 41.17 Bn supporting a high level of liquidity and strong cashflow generation.

Group profits were propelled forward by robust performances by multiple business segments, improving financial resilience through improved diversification of revenues. 2021 saw a surge in broadband revenues supported by increased connections and usage. Revenue growth in PEO TV was also encouraging as more consumers sought broader menus for entertainment. We also strengthened our value proposition to global businesses with Xyntac, the Group's evolving digital communications ecosystem that has the capability to provide transport speeds upto multiple speeds of 100 Gbps through ownership of major submarine cable systems and partner cable systems.

Financial resilience was further improved with the decrease of Rs.8.5 Bn in borrowings during the year under review which was also supported by an increase of 11% in equity to Rs.93.9 Bn. Accordingly, the debt equity ratio improved from 78.2% in 2020 to 66.1% in 2021. Liquidity of the Group also improved as operating cashflows recorded an increase of 35% to Rs.43.6 Bn. We invested Rs.30 Bn in new technologies and enhancing our capabilities in 2021, a near doubling of the investments made in 2020 enhancing our revenue generation capabilities.

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

Sri Lanka Telecom is transforming from a Telecommunications company to a Technology company as we broaden the customer value propositions for different customer segments, delivering the future today. We will expand our 4G network beyond 40% and also activate 5G in 2022.



Cash and cash equivalents at the close of the year increased by 63% to Rs.16 Bn providing sufficient liquidity while the overall financial position provides sufficient headroom for pursuit of our strategic goals to drive sustainable growth in earnings.

I am pleased to report that the market capitalisation of Sri Lanka Telecom PLC increased by 15.8% to Rs. 70 Bn during the reporting period, reflecting the shareholder value created in 2021.

VALUE DELIVERED TO EMPLOYEES

People strategy was critical to alignment of employee and organisational objectives and to the realisation of synergies through the brand unification. The more inclusive and participative style of management adopted from 2020 with the absorption of outsourced staff into the permanent cadre worked well and the trade unions cooperated to ensure business continuity throughout the pandemic lockdown periods. In 2021, we enhanced the performance culture by introducing a performance based bonus linked to the performance management system, a supervisor peer evaluation system and a research and development platform to capture employee ideas, enhancing recognition and rewards. We also launched a Regional Awakening initiative to empower the regions under the General and Deputy General Managers to ensure that progress benefited those who served around the country as well.

The holistic care program implemented for employees during the pandemic included the conversion of the three holiday homes into quarantine centres, reserving space with intermediary care centres and provision of dry rations for infected employees and their families. Capacity building has been a key area of focus

with employees receiving 8 hours of training on average which we plan to increase to 12 in the coming year. A retention rate of 95% affirms the strength of our employee value proposition with many employees encouraging the next generation to join in as well.

FORMULATING OUR CLIMATE AGENDA

Sri Lanka Telecom commenced its journey towards becoming a carbon neutral organisation in 2018. Phase I to assess the carbon footprint and obtain ISO certification has been completed and we are now in Phase II, which focuses on energy management and policy implementation. Several projects are being rolled out across the Group to mitigate carbon emissions as a unified brand. We are now in the process of setting up a timeframe with external consultants to reach our goal in 5 years. Apart from this, we continue to increase awareness on the urgent need to preserve the environment and reduce environmental degradation. Minimising waste was a key dimension with initiatives to convert waste to cash supporting cost efficiencies. As the only provider of fibre-to-the-home connectivity in Sri Lanka, we have begun replacing traditional copper cables with modern fibre optic cables for high speed internet across the country. We then completely repurpose those copper cables for traditional operations, reusing resources that would otherwise have been discarded as waste. Mee Tree planting campaign is another project which will support offsetting carbon emissions and has the potential to create a revenue stream by generating carbon credits. A dedicated Power and energy department is implementing plans to diversify our energy sources through investments in renewable energy such as solar and biomass.

DELIVERING THE FUTURE

The increasing reliance on digital platforms to support lifestyles and how we do business underpins our plans for growth. Despite the uncertain economic landscape, there has been no abatement of the pace of technology evolution and we observe an acceleration as there is increasing acceptance and understanding of the benefits. Regulation of the sector continues to evolve and our position as a National ICT Provider ensures that we are engaged in the discussion and are cognizant of the multidimensional socioeconomic impacts of this rapidly evolving industry.

Sri Lanka Telecom is transforming from a Telecommunications company to a Technology company as we broaden the customer value propositions for different customer segments, delivering the future today. We will expand our 4G network beyond 40% and also activate 5G in 2022. Our fibre network will be expanded as well, using Fibre to the roof technology to ensure it is safe and a viable option. Investing in the SEA-ME-WE 6, the newest undersea cable running across the globe will be key to improving global connectivity. Ensuring our customers are part of our journey is key and we are planning to introduce affordable 4G devices through our joint venture which will do local assembly.

ACKNOWLEDGEMENTS

Everyone played a part in delivering the outstanding performance set out in this report. I commence by thanking my team and the CEOs who led the teams to deliver on multifaceted strategies despite the challenges. I am also grateful for the direction and guidance provided by the Board which was available for counsel when needed. We thank the Sri Lanka Telecommunications Regulatory

Commission who continued their collaborative and proactive approach to regulatory matters. In conclusion, I thank all our customers and business partners who all played a vital role in driving our growth in 2021 and look forward to sharing our journey with them.



Lalith Seneviratne
Group Chief Executive Officer

15 March 2022

CHIEF EXECUTIVE OFFICER'S MESSAGE

As an organisation, SLT adopted a holistic and strategic approach aligned to our aspiration of driving connectivity through three pillars, namely being a catalyst in Sri Lanka's digital journey, strengthening global connectivity and investing for the future.



Our people strategy focused on the key pillars of empowering our team, enhancing productivity and offering opportunities for training and career development.

We also directed significant investments in supporting the well-being of our people through comprehensive health and safety measures.



Dear Stakeholders,

The pandemic has forever transformed what we believed to be 'normal', compelling communities, organisations and individuals to move out of their comfort zones and adapt to unique opportunities and challenges. In these conditions, SLT successfully leveraged its voice and data capabilities to support the interconnectivity of people, playing a vital role in ensuring continued economic activity, education, and entertainment in the country. This purpose helped SLT navigate the unprecedented challenges of the past year, informing our strategy and effectively directing our responses, which in turn has enabled a strong triple bottom line performance during the year.

DELIVERING OUR ASPIRATIONS

As an organisation, SLT adopted a holistic and strategic approach aligned to our aspiration of driving connectivity through three pillars, namely being a catalyst in Sri Lanka's digital journey, strengthening global connectivity and investing for the future.

Catalyst in Sri Lanka's digital journey

SLT is aptly positioned to spearhead aspirations towards a Smart Sri Lanka, through a multi-pronged approach centering on digital government, digital economy, digital infrastructure and digital inclusivity. In 2021, our interventions were focused towards addressing the broad-based implications of the pandemic, particularly on facilitating remote working, education, distribution and supply chains and entertainment. Accordingly, SLT played a vital role in ensuring the continuity of economic activity through providing the necessary technology infrastructure and offerings to facilitate work-from-home, both in the Government and private sector. Meanwhile, our wide-ranging partnerships with Government institutions enabled the uninterrupted provision of essential government services across the country, which in turn allowed the general public to avail these services despite pandemic-related disruptions. A key achievement during the year, was SLT's ability to facilitate the unpredicted transition to digital learning through unique platforms, free access and attractive data packages. Despite the financial and operational constraints posed by COVID-19, the Group adopted a long-term view to value creation and continued to invest in the upgrade and expansion of our network including FTTH. These investments are expected to accrue significant benefits to Sri Lankan businesses, households and the Government over the medium-to-long term, providing access to speedy, secure, reliable and affordable connectivity. We also supported continuity of agricultural and other distribution chains through unique platforms such as Cochchi.lk and the Helaviru platform.

Strengthening Global connectivity

Despite the challenges that prevailed during the year, SLT continued to invest in expanding its global footprint, including our optical fibre submarine cable systems. During the year we directed investments towards a new international cable system as a consortium partner, with aim of further expanding our points of the presence across the globe.

Investing for the future

Our established track record as Sri Lanka's national ICT solutions provider has armed us with deep insights on the evolution of technology, which enables us to future-proof our business through investments in

infrastructure and technology. These investments are centered on providing best-in-class coverage, speed, security, reliability and performance to our domestic and international customers. In 2021, we continued to direct significant investments towards further expanding the FTTH network, in line with our aspirations of delivering fibre broadband technology to 2 million households by 2023. SLT Mobitel also further developed its 4G network and trialed 5G technologies during the year while investing in new data centres and multi-cloud platforms. Key investments planned for 2022 include the optical fibre network, 4G network expansions with 5G capabilities along with Mobitel, international cables, multi-cloud platform expansions and carrier neutral data centres.

PERFORMANCE OVERVIEW

The Company delivered a strong performance during the year, recording revenue growth of 16.0% to Rs.59.81 Bn and profit growth of 45.9% to Rs. 5.87 Bn. Performance was upheld by the Company's ability to swiftly cater to the unprecedented surge in demand for connectivity and speed, as reflected by the strong growth in broadband and data services. Despite a marginal decline in operating profitability, overall performance was upheld by strong dividend income from the Company's subsidiaries. SLT also maintained financial resilience, with equity increasing by 5% led by good profitability and borrowings declining by 10%, resulting in the debt-to-equity ratio improving from 0.77 to 0.66 in 2021.

OUR PEOPLE PROPOSITION

SLT continued to offer a unique value proposition to its +6,500 employees, who were a vital factor in facilitating connectivity and offering uninterrupted services to our customers. Our people strategy focused on the key pillars of empowering our team, enhancing productivity and offering opportunities for training and career development. We also directed significant investments in supporting the well-being of our people through comprehensive health and safety measures. The Company's employee retention rate of around 95% during the year attests to the strength of its value proposition to employees, as we progress towards our aspiration of nurturing a dynamic and conducive environment for our team.

WAY FORWARD

I firmly believe that improved secured and reliable connectivity is a vital tool in driving socio-economic empowerment and development. SLT has an important role to play in enabling this digital future and we are deeply committed to leveraging our capabilities, infrastructure and insights in propelling Sri Lanka towards the next phase of its digital growth. Our short-to-medium term aspiration is to fortify our market position across all domestic business verticals through further driving rural penetration and transforming the entire customer experience to improve service levels and retention. Key investments planned for 2022 include the optical fibre network, 4G network expansions with 5G capabilities along with Mobitel, international cables, multi-cloud platform expansions and carrier neutral data centres. The Company is also pursuing opportunities to unlock the value of its extensive landbank, through monetising these assets to fund expansion of our core business. We are cognisant of the inevitable short-to-medium term challenges arising from the country's macro-economic vulnerabilities and shortage in foreign currency which have made it difficult to import components, hardware and other infrastructure essential for expansion. Despite these risks, we are optimistic of the country's revival over the medium-to-long term and as Sri Lanka's national ICT solutions provider, will play a central role in propelling the country's digital aspirations forward.

ACKNOWLEDGEMENTS

As I look forward to an exciting year, I would like to extend my gratitude to the Chairman and Board of Directors for their guidance and valuable counsel. I also take this opportunity to thank each and every member of our team and our trade unions for their dedication and commitment in delivering the results set out in this Report despite extreme challenges. I also wish to thank all customers, business partners and other stakeholder who have partnered us in our journey and look forward to your continued support in the years to come.

Thank you.



Janaka R Abeyesinghe
Chief Executive Officer

15 March 2022

CHIEF OPERATING OFFICER'S REVIEW

Our people management strategy for the year centered on enhancing productivity and optimising human capital. With new recruitments limited for the year, focus was placed on empowering the team through providing access to technology tools, skill development and knowledge sharing.



The Group's success for the year was underpinned by its ability to swiftly embrace the new realities of the post-pandemic world. As Sri Lanka experienced 2nd and 3rd COVID-19 waves, our foremost priority was ensuring the safety of our employees while rolling out our accelerated FTTH program.



Dear Stakeholders,

Even though the pandemic of COVID 19 is a remaining tragedy for two consecutive years in Sri Lanka, as a Group, we managed to provide boundless and continuous services. SLT, the national ICT and Telecommunications service provider was called upon to lead the effort in transitioning to remote working, online education, virtual entertainment and keeping people connected. It was a responsibility we embraced with passion and integrity, and we are extremely proud of the unparalleled role we played during the year in facilitating Sri Lanka's continued economic and social activity in these unprecedented times.

The Group's success for the year was underpinned by its ability to swiftly embrace the new realities of the post-pandemic world. As Sri Lanka experienced 2nd and 3rd COVID-19 waves, our foremost priority was ensuring the safety of our employees while rolling out our accelerated FTTH program. The Group introduced an array of precautionary measures to minimise the risk of cross infection in line with the safety requirements recommended by local and global health authorities. In addition to regular PCR testing and facilitating vaccinations, infected employees and their families were also given access to dedicated quarantine centres across the country. We also facilitated remote working in way of working from home, working from closest point to home and direct from home to field across the organisation, providing the relevant infrastructure and support for employees to deliver uninterrupted services.

Our people management strategy for the year centered on enhancing productivity and optimising human capital. With new recruitments limited for the year, focus was placed on empowering the team through providing access to technology tools, skill development and knowledge sharing. We continued to invest in developing our talent and our training proposition for the year aimed to build a multi-skilled, future-proof talent pool. This approach enabled the Group to match employee competencies with the requirements of the job, thereby optimising our human capital. The commitment of our employees during these challenging times have been truly

awe-inspiring, as they rallied behind our call to ensure uninterrupted services to customers across the country.

Despite the uncertainty and turbulence that prevailed throughout the year, the Group adopted a long-term view to value creation, continuing to direct investments towards enhancing technology, connectivity and capacity. Key investments made during the year included expansion of the FTTH network, aligned with our aspirations of providing premium fibre broadband technology to 2 million households by 2023. To date over 65,000km of fiber has been laid out, with a further 5000km expected in 2022. We enhanced our 4G network and started pre-commercial roll-out of our 5G networks to offer fixed wireless and mobile broadband solutions. The Group also invested in new data centres and multi- cloud platforms during the year. Increased migration to cloud-based platforms and multimedia consumption led to unprecedented demand for bandwidth, which in turn required continued investments in expanding the core, broadband and IP networks. Given the increased demand on the international network, we also expanded our global footprint, which is facilitated through our submarine and undersea fibre optic cable systems. Through these investments, we hope to offer holistic services across all industry verticals and customer segments, including B2B, B2C and B2G.

Disruptions to our supply chain remained a key challenge during the year, reflecting global shortages in components and the country's foreign currency shortage. In addressing this challenge, the Group proactively sought to re-engineer processes while recovering and reconditioning selected input materials. We also ensured the effective management of inventories through lead-time controls and demand planning, which in turn enabled the Group to minimise stock-out situations. We have also driven efforts in expanding our local procurement, thereby providing local manufacturers the opportunity to expand capabilities and competencies.

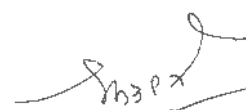
The unprecedented shift to digital platforms has led to a parallel increase in cybersecurity vulnerabilities, with data confidentiality, data manipulation and attacks by malicious actors

emerging as key threats in the risk landscape. We have placed strategic focus on strengthening our cybersecurity defenses, through enhancing end-point detection and response systems and improving monitoring across all platforms. Vulnerability assessments, penetration testing and implementation of an internal security centre have also strengthened our defenses. As a result of these efforts, the Group was able to effectively manage its cybersecurity risks during the year, with no major incidents reported.

Following the strengthening of the Group's quality management framework last year, we have continued to make inroads in improving our processes, enhancing workmanship, ensuring conformity to standards and promoting risk-based thinking. In 2021, we transitioned to a 100% testing system through an app-based platform, enabling quick reporting and immediate follow-up of any quality related issues.

Consistently enhancing the service and experience offered to customers is a core pillar of our strategy. In recent years, we have encouraged customers to adopt digital channels to interact with us, enhancing the features and user experience of the MySLT App. We also continued to invest in developing the product knowledge and customer-service skills of our front-line staff while the contact centre employees have access to a dedicated training unit ensuring that they remain updated on the dynamic and evolving requirements of customers.

Pandemic-led disruptions have changed the world as we know it, dramatically altering the way we work, learn, entertain and connect with others. As Sri Lanka's national ICT and telecommunications service provider, we remain steadfast in our commitment to facilitate this transition by empowering individuals, businesses and the government through connectivity and digitalisation.



M. B. P. Fernandez
Chief Operating Officer

15 March 2022

BOARD OF DIRECTORS



MR. ROHAN FERNANDO

Group Chairman/Director

Mr. Rohan Fernando was appointed as Director/Chairman of the Company in January 2020. He also serves as Director/Chairman of Mobitel (Pvt) Ltd., eChanneling PLC, SLT Digital Info Services (Pvt) Ltd., SLT Visioncom (Pvt) Ltd., SLT Human Capital Solutions (Pvt) Ltd., Sky Network (Pvt) Ltd., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Limited, Mobit Technologies (Pvt) Ltd., and Director of Galle Submarine Cable Depot (Pvt) Ltd. He is also a member of the Remuneration and Nomination Committee.

Mr. Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd. In 1975. Mr Fernando joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982.

In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings bv and expanded

the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages & HVA Holdings. He functioned as the Chairman and CEO of the HVA Group as well as HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP. Currently, he serves on the Board of HVA Foods PLC as its founder-adviser. He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016. He is also an Independent, Non-Executive Director of Ceylinco Insurance (General) Ltd.

Mr. Fernando functioned as the President of the National Chamber of Exporters in 2008 and 2009. He served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016. He is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards in 4 categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015", winning the National Gold award and "Sri Lankan Entrepreneur of the year 2015", with a Provincial Gold award.

He is a multi-disciplined sportsman having represented the school at Rowing, Volleyball, Tennis and Hockey. He represented and captained Sri Lanka at Rowing. He functioned as the president of the Sri Lanka Amateur Rowing Association for several years and was also a senior member of the National Olympic Committee. Currently, he serves as a member of the National Sports Council of Sri Lanka.



MR. LALITH SENEVIRATNE

Director/Group Chief Executive Officer

Mr. Lalith Seneviratne, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. Thereafter, he was appointed as an Executive Director/Group Chief Executive Officer on 1 May 2020. He is also a member of the Technology Subcommittee. He serves on the Boards of e-Channeling PLC, Mobitel (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT Digital Info Services (Pvt) Ltd., SLT Visioncom (Pvt) Ltd., and Mobit Technologies (Pvt) Ltd.

He is an engineer by training. He has over thirty-five years' experience in the corporate field, primarily with Motorola Corporation.

Mr Seneviratne obtained a Bachelor's Degree in Electronics from the University of Kent, UK and a Masters Degree in Electrical Engineering from the University of Calgary, Canada. He pursued a career in telecommunications starting in 1982 at the then Sri Lanka Telecommunications Department (present day SLT). In 1988, he became the head of engineering of Celltel, setting up South Asia's first mobile telephone network.

In 1990, Mr. Seneviratne accepted a position with Motorola Corporation and moved to Singapore on a regional role. During this period, he developed

Motorola's relationship with SLT that enabled SLT to provide telephone service to remote areas including restoring telephone service to Jaffna in 1996.

Since leaving Motorola, Mr. Seneviratne has carried out several professional consulting assignments in telecommunications and renewable energy, while engaging in rural electrification activities during his spare time. He was part of a team that set up four grid connected mini-hydropower systems. He implemented Sri Lanka's first off-grid village solar electrification system in 2001 and Sri Lanka's first off-grid village biomass electrification system in 2004.

In the period 2006 to 2009, Mr. Seneviratne was a member of the Board of Directors of Lanka Transformers Ltd., and its Chairman during the latter part. He was a member of the inaugural governing board of the Sri Lanka Sustainable Energy Authority.

Currently, Mr Seneviratne is a member of the Board of Directors of four mini-hydropower companies – M/s Escas Owala Pvt Ltd., Escas Ankanda Pvt Ltd., Escas Diggala Pvt Ltd., and Escas Kiula Pvt Ltd.

Mr. Seneviratne is the recipient of the Year 1999 Motorola CEO Award for Volunteerism. For his voluntary services to the Department of Wildlife Conservation he was made an Honorary Director in the Department. For his innovation, he was elected a Lemelson Fellow and for his sustainable development activities he was elected an Ashoka Fellow. On the 20th Anniversary of the Internet Society of Sri Lanka, he was recognised as one of twenty-five people having contributed to the early development of the Internet in Sri Lanka.

Mr Seneviratne is a Chartered Engineer and a Member of the Institution of Engineering & Technology, UK.



MR. LAWRENCE PARATZ

Director

Mr. Lawrence Paratz was appointed to the Board of Sri Lanka Telecom PLC as an Independent Non-Executive Director with effect from 26 May 2010. He is the Chairman of the Technology Subcommittee and a member of the Remuneration & Nomination Committee. He serves on the Boards of e-Channelling PLC, Mobitel (Pvt) Ltd., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT Visioncom (Pvt) Ltd., SLT Digital Info Services (Pvt) Ltd., and Mobit Technologies (Pvt) Ltd.

Mr Lawrence Paratz holds an M. Sc. (Telecommunication Systems) with Distinction, and was awarded the Philips prize from Essex University, and an M. Eng. Sc. from the University of Queensland.

He is a Fellow of Engineers, Australia (FIEAust) and an alumnus of the Stanford University Executive Development Programme. He also holds Bachelor's Degrees in Science and Engineering (Honours). In 2011, he was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE).

Mr. Paratz has more than 40 years experience in all facets of the telecommunication including mobile, fixed, broadband, satellite and international networks both domestic, and international. This includes capital

and infrastructure development, operations, sales, customer service and regulatory issues. As a Director and Chief Executive of Acacia Australia Pty Ltd., he was responsible for development of an integrated proposal for delivery of national broadband communication for Australia.

He has served as a Director of Maxis Communication Berhad, Chairman of the Technology Committee of the Board, as a Director of Vernet Pty Ltd, a Company providing ultra high speed Broadband to Universities and Research Establishments in Australia, and a former Senior Executive of Telstra Corporation. He also serves on the Board of Real Thing AI Pty Ltd., an Australian high technology company with subsidiaries in the USA and UK, and Razorback Pty Ltd., a company incorporated in Victoria, Australia. He is an Advisor to major companies in the Australian Telecommunication market.

Mr Paratz has had executive responsibility for multi-billion dollar programmes and integrations including network transformations and deployments across multiple technologies, with extensive experience in international, metropolitan and regional and rural communications. He previously served as a member of the Board of the Australian Government's Internet Assistance Programme. He has been an invited speaker at the Australian Health Informatics Conference, and the Australian Academy of Technological Sciences and Engineering.

He was formerly Chairman of the On-Trac@Peter Mac Adolescent and Young Adult Cancer Programme, and has been involved in a number of initiatives in e-health.

BOARD OF DIRECTORS



MR. CHAN CHEE BENG

Director

Mr. Chan Chee Beng was appointed to the Board as a Non-Executive Director on 5 June 2008 and subsequently to the Board of Mobitel (Pvt) Ltd., SLT Property Management (Pvt) Ltd., SLT Digital Info Services (Pvt) Ltd., and SLT Visioncom (Pvt) Ltd. He also serves as the Chairman of Remuneration & Nomination Committee.

He counts over 40 years of experience in investment banking, general and financial management and accounting. He worked at Ernst & Young and Morgan Grenfell & Co. Ltd., prior to joining the Usaha Tegas Sdn Bhd (UTSB) Group in 1992 as Head of Corporate Finance. He serves on the Boards of several companies including Bumi Armada Berhad, Binariang GSM Sdn Bhd, Maxis Communications Berhad of Malaysia and Yu Cai Foundation.

Mr. Chan holds an Honours Degree in Economics and Accounting from the University of Newcastle-upon-Tyne, United Kingdom and is a Fellow of the Institute of Chartered Accountants of England and Wales.



MS. LAI CHOON FOONG

Director

Ms. Lai was appointed to the Board of SLT as an Independent Non-Executive Director on 9 May 2014. She also serves on the Boards of Mobitel (Pvt) Ltd., SLT Human Capital Solutions (Pvt) Ltd., and Galle Submarine Cable Depot (Pvt) Ltd. She is the Chairperson of Related Party Transactions Review Committee and a member of the Audit Committee and Senior Tender Board.

She has over 35 years of experience in finance, procurement and audit areas in telecommunications, banking and government sectors. She was previously with Maxis Berhad and is currently the Finance Head of Maxis Communications Berhad. She is also a Non-Executive Director of a few subsidiaries of Maxis Communication Berhad.

Ms. Lai holds a Bachelor of Commerce Degree from Melbourne University, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia.



MR. MOHAN WEERAKOON, PC

Director

Mr. Mohan Weerakoon, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. He is the Chairman of the Audit Committee and a member of the Senior Tender Board and Related Party Transactions Review Committee. He also serves in the Board of SLT Human Capital Solutions (Pvt) Ltd and SLT Property Management (Pvt) Ltd.

Mr. Weerakoon is a senior legal practitioner who counts more than 38 years of experience as a civil and criminal counsel. He was appointed a President's Counsel in 2017.

He has served as a Director of Sinhaputhra Finance PLC and Deputy Mayor and Councilor of the Municipal Council of Matale, and Central Provincial Councilor.



MR. RANJITH GANGANATH RUBASINGHE

Director

With over two decades of experience in Telecommunications and IT, Organisational Development, Human Resources and Marketing, Mr Ranjith G Rubasinghe was appointed to the Board of Sri Lanka Telecom PLC as a Non-Executive Director on 23 January 2020.

Mr. Rubasinghe currently serves as the Chairperson of TRACE and as a member of the Board of Directors of Lanka Sathosa Ltd., the largest retail chain operator in Sri Lanka.

During his diverse professional career, he has served as Vice-President of the Institute of Engineers Sri Lanka (IESL), Council Member of the University of Colombo and the Council of the Board of Management at University of Colombo – School of Computing. He also serves as a member of the Council of the Open University of Sri Lanka.

He is the Founder President and CEO of the SLT Campus (Pvt) Ltd., (SLTC), which is the only corporate powered, research based, fully residential university in the country. Under his leadership, SLTC became the “Most Emerging Education Institute of the Year at the South Asian Business Excellence Awards 2019” and has also been recognized at the “National Business Excellence Awards 2019” in Sri Lanka.

With an MBA from the University of Colombo, a Postgraduate Diploma in Electronics and Telecommunications Engineering and a BSc Engineering in Electrical and Electronics, Mr. Rubasinghe is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka (IESL), Fellow of Chartered Professional Managers of Sri Lanka (CPM), Certified Member of the Sri Lanka Institute of Marketing (SLIM) and an Associate Member of the Chartered Institute of Personnel Management (CIPM).

Mr. Rubasinghe has been with Sri Lanka Telecom PLC for over 20 years and he held the positions of CEO/ Mobitel (Pvt) Ltd, CEO/SLT Human Capital Solutions (Pvt) Ltd., and Head of SLT RAINBOW PAGES as well.

Among his personal achievements, he was awarded the Chartered Engineer of the Year 2011 at IESL’s Engineering Excellence Awards, the “HR Leadership Award” at the Global HR Excellence Awards 2010 and 2013, and “The Education Leadership Award” at the Sri Lanka Education Leadership Awards 2019 & 2020.



MR. V. U. KUMAR

Director

Mr. Uthaya Kumar K Vivekananda was appointed to the Board as an Independent Non-Executive Director on 2 July 2021. He also serves as a member of the Senior Tender Board and Audit Committee.

He has been with PricewaterhouseCoopers for nearly 36 years. He has led and worked on some of the most challenging and complex assignments, both in Malaysia and globally, working with multinational and blue-chip national clients in audit, business advisory, mergers and acquisitions, valuations, privatisations, Initial Public Offerings (IPOs) and cross-border transactions.

BOARD OF DIRECTORS



MR. K. A. VIMALENTHIRARAJAH Director

Mr. K. A. Vimalenthirarajah was appointed to the Board as a Non-Executive Director on 15 March 2022. He is the Chairman of the Senior Tender Board and serves as a member of the Audit Committee and Related Party Transactions Review Committee.

Mr. Vimalenthirarajah is an officer of Sri Lanka Administrative Service, counting over 28 years of experience in the public service. He is presently working as the Director General, Department of Trade and Investment Policy.

He is an Attorney-at-Law.

Mr. Vimalenthirarajah holds a Special Degree in Economics from the University of Jaffna, Master of Philosophy in Economics from the University of Peradeniya, Master of Business Administration from the University of Moratuwa and Bachelor of Laws from the Open University of Sri Lanka. He has a Postgraduate Diploma in Development Studies and Public Policy, Postgraduate Diploma in International Relations, Diploma in Human Resource Management and Diploma in Information Technology.

Prior to his appointment as the Director General, Department of

Trade and Investment Policy of the General Treasury, he held various positions in the public service including the positions of Director General, Department of Fiscal Policy, Senior Assistant Secretary in charge of Administrative Reforms, the Chief Information Officer of the Ministry of Public Administration and Home Affairs, Minister Counsellor of the Sri Lankan Embassy in Beijing, China.

Mr. Vimalenthirarajah is Sri Lanka's Director to the SAARC Development Fund, Member of the Supervisory Board for the Commonwealth Small States Trade Finance Facility (CTFF), and Director of the Board Directors of the Sri Lanka Export Development Board. He has also represented the General Treasury as Director of the Board of the Bank of Ceylon, the People's Bank, the Sri Lanka Tourism Promotion Bureau, the Board of Investment of Sri Lanka, the Ceylon Petroleum Corporation, and the Institute of Human Resource Advancement of the University of Colombo and Chairman / Director, Sri Lanka Insurance Corporation.



MR. MAHESH ATHUKORALE Group Company Secretary

Mr. Mahesh Athukorale is an Attorney-at-Law. He holds an MBA from the University of Colombo, and a Bachelor's Degree of Law from the Open University of Sri Lanka. He is an Associate Member of The Chartered Governance Institute of UK.

In his career spanning over 27 years, he has more than 19 years of experience in the SLT Group and over eight years in the mercantile and financial sectors.

He also functions as Company Secretary for Board Sub committees and subsidiaries of SLT Group.

EXECUTIVE MANAGEMENT



MR. JANAKA R ABEYSINGHE Chief Executive Officer

Driven by an interest in advancing technologies and accommodating the growing needs of consumers and enterprises Mr. Janaka Abeysinghe, the Chief Executive Officer of Sri Lanka Telecom, started his career at SLT in 1991 straight out of the University of Moratuwa, where he graduated with First Class Honors in Electronic & Telecommunications Engineering.

A keen tech enthusiast, Mr. Abeysinghe believes that to be successful in the race for digital innovation; strengthening digital skills, rolling out digital tools, and accelerating new product development in a collaborative environment is essential. He realises the importance of new opportunities for bundled service offerings, IoT solutions and enhanced flexibility in purchasing and consuming services to enable business agility; and brings his extensive insight and learning to his vision for his role as Chief Executive.

Prior to taking up the mantle of CEO, Mr. Abeysinghe, as Chief Enterprise and Wholesales Officer, led the Enterprise & Wholesale business of SLT that provides integrated voice and data solutions to Enterprises, and Government Institutions. He earlier served as General Manager Enterprise & International Sales and has

extensive experience in the areas of Enterprise Digital Services, Enterprise Communications Solutions, Data Communications, Business Development, Domestic & International Switching Operations and Global Wholesale Voice & Data Business.

A Fulbright Scholar, Mr. Janaka Abeysinghe earned a Masters' Degree in Electrical & Computer Engineering from the University of Kansas, USA and is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka, and a member of the Computer Society of Sri Lanka. Mr. Abeysinghe also served on the Board of the Sri Lanka Institute of Nanotechnology (SLINTEC) as a Non-Executive Director.

EXECUTIVE MANAGEMENT



MR. M B P FERNANDEZ
Chief Operating Officer

Mr. Priyantha Fernandez joined SLT in 1991 following multiple roles in various multinational telecommunications organisations.

He holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka and an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Chartered Engineer and Fellow of the Institution of Engineers Sri Lanka. His 34-year career as a professional in telecommunication industry, includes attending to technological updates in the form of overseas training and seminars, organised by international training institutions, telco operators, and equipment vendors. He has recorded over 700 such days of exposure during his tenure. He has held a string of senior positions within SLT, culminating in his current position as the Chief Operating Officer. In this role he oversees the Planning, Designing networks, Regional Operation, IT, Procurement, Projects, Quality and Information Security groups within Sri Lanka Telecom.

His role involved business continuity activities and establishment of cyber security function.

In addition, he has had overseen operation of SLT's Call Centre in line with improving customer experience. He has played a leading role in planning and deploying very large scale programmes for SLT

network transformation. Some of the flagship projects in which he made a significant contribution are New Generation Network (NGN), Sri Lanka Backbone Network (SLBN), Fiber-To-The-Home (FTTH), LTE (4G), National Broadband Programme (i-Sri Lanka), National Data Centre, Submarine Cable Systems, and establishment of Cable Depot in Galle. He was a member of the International Management Committee for the submarine cable consortium of SEA-ME-WE 3, 4 and 5, Dhiraagu Cable, and the Bharath Lanka Submarine Cable System. He additionally serves as a management committee member under the South-East Asia and Indian Ocean Cable Maintenance Agreement (SEAIOCOMA).

In addition to the above responsibilities, his authority extends to planning, formulating and overseeing implementation of policies that promoting profitability, company culture, and quality of operations. His role involves strategic decision-making for achieving agreed short-term, medium-term and long-term corporate objectives towards making SLT business viable and profitable. In the areas of responsibilities as the Chief Operating Officer, he is empowered to execute agreements for the procurement of goods and services, financial instruments, notarial documents, special category agreements and international agreements. His recent involvement in preparing the National Digital Road map to achieve SMART SRI LANKA has paved the Next Generation transformation of SLT falling in line with global operators.

Mr. Fernandez is a permanent member of the Technical Subcommittee and Senior Tender Board of SLT. He also has been functioned as a Non-Executive Director of SLT Services Limited for over twelve years from 2007 to 2019.



MR. SAMAN PERERA
Group Chief Officer - Information

Mr. Saman Perera possess over 30 years' experience in the IT industry as a thought-leader and innovative technology manager. He has given leadership to large scale software development projects including Business Operation & Billing solutions for Telco and national-level projects including the Electronic Travel Authority (eVisa) and mTicketing for Sri Lanka Railways. He has also given leadership in implementing complex large-scale projects involving multiple international suppliers covering all aspects of business operations and Infrastructure and successfully led the technical teams in many digital transformation projects and implementing technologies and solutions to support Digital enabled customer and Work-from-Home enabled staff in pandemic situation.

He holds an MBA in Management of Technology from University of Moratuwa, MSc in Computer Science, and BSc from University of Colombo. He serves as a resource person for the MBA in IT at University of Moratuwa, and served as a visiting lecturer for MBA in Information Systems, University of Colombo. He is currently serving as a Board member of the University of Colombo School of Computing (UCSC) representing the IT industry.

He is an active member of the Computer Society of Sri Lanka and has served as a council member. He is a recipient of the prestigious "CIO of the Year" award.



MR. SANJEewa SAMARANAYAKE

Group Chief Officer - Finance

Mr Sanjeewa Samaranayake is the Group Chief Financial Officer of Sri Lanka Telecom PLC and counts over 25 years of management experience, holding senior positions in reputed manufacturing, trading and service organizations in Sri Lanka and overseas. He is a Fellow of the Chartered Institute of Management Accountants (UK) and of the Institute of Certified Management Accountants of Sri Lanka. He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jaywardenepura and a Bachelor of Commerce Degree from the University of Colombo. He followed an Advanced Management Programme (AMP) conducted by the Kellogg Business School in USA and a Mergers & Acquisitions Course conducted by the Chicago Booth, University of Chicago, USA.

He joined Sri Lanka Telecom PLC as the Group Chief Financial Officer in September 2018. Prior to joining SLT, he served as the Group Chief Financial Officer of a leading conglomerate in Sri Lanka diversified into consumer, healthcare and transportation sectors. Prior to his appointment as the Group Chief Financial Officer, he served as the Managing Director and as the Director - Finance and Supply Chain of the healthcare

sector in the same conglomerate. Further, during his career, he worked as the Group Financial Controller and also as a member of the Senior Management Committee in a reputed company engaged in exports in Sri Lanka.

He held many senior positions of the Chamber of Pharmaceuticals Industry of Sri Lanka, the last being the Senior Vice President position for two consecutive years. He was a committee member of the Ceylon Chamber of Commerce, Import Section for several years holding senior positions.

He was awarded the prestigious "Platinum Honours Award" by the Postgraduate Institute of Management Alumni in 2010 and the "Diamond Service Award" for the "Most Outstanding Business Leader of the Year" awarded jointly by the Ceylon Chamber of Commerce and the Postgraduate Institute of Management Alumni in 2016.

EXECUTIVE MANAGEMENT



MR. SAMAN ABEYSEKARA Chief Officer - Administration

Mr Saman Abeyssekara joined SLT in 1998 as an Engineer. Before joining SLT, he held similar positions in a few reputed organizations in Sri Lanka. He holds a degree in BSc (Eng.) in the field of Electrical and Electronics Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer and Fellow of the Institute of Engineers Sri Lanka.

He has 26 years of vast experience as a professional in telecommunication industry. During his career, he has served as a Project Engineer in Greater Colombo Telecommunication Improvement Project executed by a transnational Company, as the Assistant Director- Interoperability of the Telecommunication Regulatory Commission of Sri Lanka and as the project Engineer of a Supplier's Credit Project under Sri Lanka Telecom Services Ltd.

After joining Sri Lanka Telecom, he has served in the capacity of Project Manager in the Rural Telecommunication Development Projects and later as a Regional Telecommunication Manager, a Provincial Deputy General Manager and a Regional General Manager over a considerable period. He also held the Deputy Chief Regional Operating Officer and Chief Asset Property and Security Management Officer positions before being appointed as the Chief Administrative Officer of SLT.

He has a wide range of experience in areas of Project

Management, Regional Operation and Maintenance, Customer Service and Consumer and SME Sales Operations in the Telecommunication industry and also in the areas of Property Development and Security Management.



MR. PRABHATH AMBEGODA Chief Officer - Corporate and Digital

Mr. Prabhath Ambegoda currently holds the position of Chief Corporate and Digital Officer of the Company. Current portfolio spans Corporate Strategy, Regulations, Tariff, Programme Management and Digital Projects, R & D Quality Assurance & Information Security and Business Continuity Management of the Company.

He joined Sri Lanka Telecom in 1991 as an Engineer and counts over 30 years of multi-disciplinary experience in the telecommunication industry, in the field of Engineering, Management. He counts 20 years of experience in Corporate Management of telecommunication industry.

During his career, he has gained extensive industry-related knowledge and trainings from National and International Academies in number of countries. Further, he has undergone several certificates courses in other disciplines in Management, Accounting, Marketing, Secretariat services and General Management. He is a trainer of Commonwealth Telecommunication Organisation (CTO) programmes.

Mr Prabhath is a Chartered Engineer by profession, holds a BSc(Eng.) Honours Degree from University of Peradeniya specialising in the field of Electrical and Electronics Engineering. He is a Fellow of Institution of Engineers in Sri Lanka (IESL) and holds a Master of Business Administration Degree from Anglia Ruskin University of UK.



MR. PRABHATH DAHANAYAKE
Chief Officer - Marketing

With a career spanning over 29 years at Sri Lanka Telecom, Mr Prabhath Dahanayake's multidisciplinary exposure in the fields of Engineering, Project Management, Business and Marketing, position him as an invaluable resource in this dynamic time in the Organisation's journey.

During his quarter-century tenure at SLT, he has held an illustrious variety of Senior Management positions at the telecom giant, including but not limited to over a decade's worth of marketing experience, as well as Head of Province and General Manager – Product Development and Management.

A Chartered Engineer with a BSc Degree in Engineering in Electronics and Telecommunications from the University of Moratuwa, he completed a Master's Degree in Business Administration with core studies at the University of Ruhuna.

Mr. Prabhath Dahanayake has been instrumental in driving the Company's broadband-led new services development, as well as the crucial repositioning of SLT's flagship products and services. His role as Chief Marketing Officer stations him on an ideal platform to revolutionise Sri Lanka Telecom's strategy and marketing vision. During his carrier, he has gained extensive industry-related knowledge and trainings from NTT training centre – Japan, Training institute in Netherland, Nokia of Finland, Spain, and UK.



MR. IMANTHA WIJEKON
Chief Officer - Regional Sales

Mr. Imantha Wijekoon is a Chartered Engineer with a Degree in Electronics and Telecommunications Engineering from the University of Moratuwa. In addition, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Before joining SLT in 1994, Mr. Wijekoon has worked in the private sector for a short stint. In his career at SLT spanning over 27 years, he has gained extensive exposure in the fields of Regional Operations, Project Management and Consumer and SME sales operations. He has undergone telecommunication operation and business-related trainings in several foreign countries. Swedish International Development Cooperation Agency (Sida) of Sweden, LG Cables and Machinery Ltd. of South Korea, Korea Telecom of South Korea, and AOTS of Japan are few such institutes to mention. He has also participated in many international and local conferences and workshops. Next Generation Networks, Fixed Mobile Convergence, CRM Change Management, Telecommunication Business Simulation, Value Driven Marketing, Total Telecom Congress and World Mobile Congress are several such events.

Mr. Wijekoon counts over 12 years of experience in the consumer sales segment. In his professional carrier at SLT, he has held the senior positions of Head of Province, Deputy Head of Regions, General Manager Customer Service, Regional General Manager and Chief Sales Officer. Since November 2019, he serves as a Non-Executive Director of SLT Services.

EXECUTIVE MANAGEMENT



MR. R M P S SAMARAJEWA Chief Officer - Network

Mr. Mangala Samarajeewa joined SLT in 1997 and holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer and corporate member of the Institution of Engineers, Sri Lanka. With 25 years of work experience in various capacities, he has strong managerial and technical skills to provide leadership to SLT's Network Group.

As a professional in the telecommunication industry, he has participated in many overseas trainings, seminars, and various forums organized by international training institutions, top ranking telecommunication service providers, and reputed telecommunication equipment vendors. In this role he oversees the entire network operation and planning of SLT including Transport and Access, Network Services, Data Centre and Cloud Services, Power and AC, Service Operations, National Fiberization Program and Projects.

In the path to his current position as Chief Network Officer, he has proven excellence in management of technology and programme management as a senior manager. His major achievements are leading the implementation of National

Broadband Network (i-Sri Lanka Programme), Lanka Government Network (LGN) and the SEA-ME-WE-5,6 Submarine Cable System. He has overseen the operations of the Field Services Projects Unit in SLT for fast deployment of the network in the Northern and Eastern Provinces of Sri Lanka and also held a range of positions in operations and maintenance of the SLT network at regional level. He is also working as the sponsor for the National fiberization Program.

He is a member of the International Management Committees for the submarine cable consortiums of SEA-ME-WE 3, 4, 5 and 6, Dhiraga - SLT, and Bharath Lanka Submarine Cable Systems.

Mr. Samarajeewa is the present Vice President of the Japan-Sri Lanka Technical and Cultural Association (JASTECA) and was the Past Secretary General of the South Asia Federation of AOTS Alumni Societies (SAFAAS).



MR. TILAK GAMALATH Chief Officer - Information

Mr. Tilak Gamalath joined SLT in 1992. He holds a BSc (Eng) Honors Degree in Electronics & Electrical Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer of the Institution of Engineers of Sri Lanka and is a member of IET (UK) and obtained Chartered IT professional from BCS(UK). He has an experience of over 29 years in IT and Telecommunication. His experience counts to 8 years in International Switching and 21 years in IT. He has held the positions of DGM/System Administration, GM/Systems, GM/System Development & Network and GM/IT Infrastructure during his career in IT. He has pioneered in introducing IT Disaster Recovery, IT data center constructions, Infrastructure Consolidation & Virtualization, Data Analytics, Robotic Process Automation and has contributed into introducing multiple IT applications in SLT. He has pioneered to deliver multiple IT applications with in-house developments to optimize the IT costs. He has vast experience in IT project management and delivery of successful project completions.



MR. ARUNA JAYASEKERA

Chief Officer - People

Mr. Aruna Jayasekera is an experienced HR professional with a progressive career spanning over 25 years in the financial and export manufacturing sectors. He commenced his professional career as a State Counsel at the Attorney General's Department before changing to Human Resources Management. He holds a Bachelor of Laws (LLB) from the Faculty of Law, University of Colombo and is an Attorney-at-law. He is a Fellow of the Chartered Institute of Personnel Management, Sri Lanka and for his contribution to the Human Resource field, he was recognized with the life time award "The Most Outstanding HR Professional of the year 2007", the HR Gold Medal awarded by the Institute of Personnel Management. He was the youngest recipient to receive this prestigious award.

He is a multi-disciplined sportsman. He is an International Rugby Referee appointed by the Asian Rugby Football Union and has officiated in many international tournaments including Hong Kong Sevens and Dubai Sevens. Currently, he is the Judicial Officer appointed by the World Rugby.

During his tenure in SLT, he has facilitated initiatives to enhance the performance culture and introduce flexible working strategies to enhance productivity to face the pandemic situation.

Previously, he was the Regional HR Manager (Manufacturing) in a reputed global manufacturing company. Prior to joining SLT, he served as the Group Chief Human Resource Officer in a reputed bank in Sri Lanka

EXECUTIVE MANAGEMENT



MR. A KIRUPAKARAN Chief Officer - Regional Operations

Mr. A Kirupakaran joined SLT as Engineer in September 1991.

He was appointed as Deputy General Manager-Eastern Province in 1999.

He was appointed as Regional Head - North & East Provinces in 2005 and promoted as Deputy Chief Sales & Regional Officer (DCSRO-II) in June 2019. Thereafter, he was promoted to Chief Regional Operations Officer in June 2021. He is a Graduate Engineer pass-out from Madurai Kamaraj University, South India and a Chartered Engineer of the Institution of Engineers, Sri Lanka (MIESL). Reading for Masters Degree in Business Administration (MBA) in Postgraduate Institute of Management, University of Sri Jayewardenepura. He has wide experience in analogue and digital Switching and Transmission Projects implementation, development, Operations and Maintenance. Also, he has experience in Outside Plant Network development and Customer Service Assurance and Service fulfillment in order to improve customer satisfaction.

Currently, he is in charge of Regional Operational activities of the 25 districts of the country in Sri Lanka and administrative areas of three (03) Regional General Managers for Regions, One General

Manager for Operational Support in HQ, eight (08) Deputy General Managers for Provinces and three (03) Deputy General Manager in HQ, Forty seven(47) Regional Telecom Officers and Forty two (42) Regional Operations and Maintenance centres in the Island.



MR. LAKMAL JAYASINGHE Chief Officer - Enterprise and Wholesale

Mr. Lakmal Jayasinghe joined SLT in 2001 after holding various roles in recognized organizations. In his present role, he leads the Enterprise & Wholesale Business of SLT that provides integrated voice and data solutions to Enterprises, Government Institutions, Domestic Telco Operators and Global Wholesale Carriers.

In his career at SLT spanning for 21 years, he has held a number of senior positions, including General Manager Government Business, General Manager Sales Metro & Region 2, Deputy General Manager Enterprise Sales Large Business, Deputy General Manager Training & Development. He has extensive experience in the areas of Enterprise & Government Sales, Enterprise Communications Solutions, Business Development, Training & Development, Consumer & SME Sales Operation and Regional Sales Management.

He holds a Master's Degree in Business Administration (MBA) from the University of Colombo and a BSc Honors degree in Electronics & Telecommunications Engineering from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka.



MS. SONALI WIJEKOON

Group Chief Officer - Legal

By profession Ms. Sonali Wijekoon is an Attorney-at-Law and a Notary Public, who holds a Master's Degree from the University of Colombo

She is holding the position of Group Chief Legal Officer of the Company with effect from 2021. Under her supervision, SLT Legal Department handles diverse Litigation matters for the Company, international and local commercial contracts, Intellectual property right matters, conveyancing and other corporate legal matters etc. Collaboration of SLT Group work is a novel concept introduced by the present Board of Directors, to optimize the SLT Group synergies, wherein Chief Legal Officer of SLT contributes to SLT Legal Group services with able direction of two Board Directors from SLT and Mobitel.

Her experience in the field of Law counts over 33 years of with 29 years' of experience in Sri Lanka Telecom Legal Division. Her previous experience in the banking sector and a short spell at the Private Bar has been a contributory factor for handling of diversified Legal work for SLT.



MR. LALITH WARAGODA

Group Chief Officer - Internal Audit

Mr Lalith Waragoda joined SLT in November 2019 as the Group Chief Internal Auditor. Prior to this appointment, he held the responsibility of Asia Regional Auditor of a Multi-National Corporation (MNC), a global logistics solutions provider. Also, he has worked as a Director/Chief Financial Officer at few leading private business enterprises in Sri Lanka. He counts over 35 years of professional experience in Audit/ Assurance, Shipping/Logistics, Trading and Manufacturing industries.

He is a Fellow of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and holds an MBA from the Postgraduate Institute of Management (PIM), affiliated to the University of Sri Jayewardenepura. Also, he is a holder of Diploma in Taxation (CA Sri Lanka). Prior to becoming a Chartered Accountant, Mr Waragoda has obtained four years of extensive training in external and internal auditing under KPMGSri Lanka.



MR. NIRMAL DHARMARATNE

(MAJOR GENERAL - RETD) WWV, RWP, RSP

Group Chief Officer - Security

Mr. Nirmal Dharmaratne (Major General - Retd) serves in the appointment of the Group Chief Security Officer of Sri Lanka Telecom PLC since 1 July 2021. During this short period, with his assertive approach to work, he was able to bring in a new dimension to the security sector of the Group.

Mr. Dharmaratne, who retired in 2020 from the Sri Lanka Army, having had a distinguished 35 years of career, has brought into the Company his decades of military experiences in the fields of Safety, Security, Training, Human Resources Management and Leadership.

While serving in the Army, he has held many key appointments, and the appointments of Commanding Officer of Kotelawala Defence Academy, Commandant of the Volunteer Force, Director Operations, Defence Advisor in the United Kingdom and Director Personnel Administration speak well of his well-rounded potential. He played a key role as the Commander of the Special Forces Brigade during the final phase of the Eelam War.

Academically, he holds two Master's degrees and three Diplomas in addition to have been trained at a dozen other training institutions both locally and internationally.

SUBSIDIARY CHIEF OFFICERS



MR. CHANDIKA P. VITHARENA
Chief Executive Officer -
Mobitel (Pvt) Ltd

Mr. Chandika Vitharena's illustrious career spans over three decades with profound knowledge and experience in Product Strategy, Sales and Channel Development, Finance, Human Resources, and many more.

At present, Mr. Chandika functions as the Chief Executive Officer of Mobitel and holds a Directorship at the Airport and Aviation Services Ltd. Chandika's strategic vision has not only helped Mobitel to become one of the most profitable and successful Mobile Service Operators in the country but also brought numerous recognitions, including several local and international awards.

Having started his career at Lanka Cellular Services (Pvt) Ltd which was the second mobile operator that entered Sri Lanka in the early 1990s under the brand name "Call Link", Mr. Chandika has progressed through the roles of Sales Manager, Senior General Manager. In December 2020, Mr. Chandika was appointed as CEO to head one of the largest Mobile networks in Sri Lanka, serving the people and the country with supreme connectivity solutions.

Mr. Chandika holds a B A (Honours) Degree in Political Science from the University of Delhi, India.



MR. AJANTHA SENEVIRATNE
Chief Executive Officer -
SLT VisionCom (Pvt) Ltd

Mr. Ajantha Seneviratne joined SLT in 1993. He holds a BSc in Electronics and Telecommunications from the University of Moratuwa and a Postgraduate Diploma in Industrial Engineering from the Open University of Sri Lanka (OCSL). In addition, he holds an MBA from the University of Sri Jayewardenepura. Mr. Seneviratne is a Chartered Engineer and a member of The Institution of Engineers of Sri Lanka. He counts over 20 years of experience in Marketing and currently serves as the Chief Executive Officer of SLT VisionCom (Pvt) Ltd.



MR. UPUL MANCHANAYAKE
Chief Executive Officer -
SLT Digital Services (Pvt) Ltd

Mr. Upul Manchanayake is a Chartered Engineer & Corporate Member of the Institution of Engineers (Sri Lanka). He counts over 26 years' experience in the telecommunication industry as a technical and engineering professional with extensive experience in project management well acquainted with technology best practices and a qualified professional in engineering management.

He holds an Executive MSc in Project Management at Asia University of Malaysia and Master of Business Administration from the Preston University of USA. He has also graduated from the Institute of Engineers Sri Lanka in Electrical Power Engineering (Heavy Current) and holding a Diploma in Electrical Power Engineering Technology from the University of Moratuwa, Sri Lanka.

He is an active member of the Government's Provincial Administration Procedures and Citizen Participation Development Committee and Justice of Peace for All island. Mr. Manchanayake gained experience in the Japanese corporate management program on Japanese philosophy and an active member of Japan Sri Lanka Technical Association Sri

Lankan Alumni of the Overseas Human Resources and Industry Development Association. He has contributed to develop a project proposal of a solar power sustainable energy project of Sterling Gensis in India, which includes 10GWH (Gigawatt Hour) and it was well accepted by the Indian authorities.

Mr. Manchanayake was appointed to the Board of Airport & Aviation Services (Sri Lanka) (Private) Limited as a Non-Executive Director with effect from 12 December 2019.

Mr. Upul Manchanayake was appointed as the Director Talantfort (pvt) Limited by the Group Chairman SLT since 30th October 2020.

Currently, he serves as the CEO for Sri Lanka Telecom - Digital Services (Pvt) Limited. Also, he has more than 3 years of experience as a General Manager and more than 8 years of experience as a Deputy General Manager of Sri Lanka Telecom PLC holding responsibilities in the fields of Telecommunications network expansion and penetrate voice, broadband, and data services island-wide.



MR. ASELA C R GALAPPATTIGE
Chief Executive Officer -
Sri Lanka Telecom Services Limited

Mr. Asela Galappattige is a well experienced professional engineer and a business leader committed to deliver excellence to the organizations he serves.

Mr. Asela is a Chartered Engineer and a Fellow of Institute of Engineers of Sri Lanka (FIESL). He has earned his BSc degree in Engineering (Honors) in Electronics & Telecommunication Engineering from University of Moratuwa, a MSc degree in Digital Communication from University of Bath, UK, and an MBA from Postgraduate Institute of Management of University of Sri Jayewardenepura.

He joined Sri Lanka Telecom in 1998 as a planning engineer, held many key responsibilities in technical & managerial positions in SLT and has been appointed as the Chief Executive Officer of Sri Lanka Telecom Services Limited in year 2020.

He has had an illustrious carrier with extensive experience in engineering and management in the areas of internet networks & services management, data center development, information security, engineering project management, supply chain management and corporate management as a Chief Executive officer.

He is a well-respected Internet technology evangelist, contributing to the Internet technical community with voluntary contribution under local and global voluntary societies and groups as an executive committee member, a trainer and a resource person. He also contributes as a visiting lecturer at national universities for engineering graduate studies.

SUBSIDIARY CHIEF OFFICERS



MR. PRABATH GUNATHUNGE
Chief Executive Officer -
SLT Property Management (Pvt) Ltd.

Mr. Prabath Gunathunge is a Civil Engineer graduated from University of Moratuwa in 1993. He has obtained an MBA from the Postgraduate Institute of Management in 2000.

Throughout his inspiring management career, he has served for both public and private sector companies over 25 years. As the key attainments in his professional expedition, he initiated his management career as a Business Development Manager at a reputed company in the country and subsequently, he held senior positions such as a General Manager and Director Sales & Marketing, in reputed companies in Sri Lanka. With his unwavering efforts to expand the exposure and persuade individuals, he became the CEO of Business Learning Centre and then the Country Director/Technical Representative of USAEP – Sri Lanka Office, funded by USAID Colombo.

Since he assumed duties as CEO -SLT PML in 2013, he had a stint of working as the Chief Executive Officer of Sri Lanka Telecom (Services) Ltd for nearly three years until end of 2021.

Currently, he is serving as the Chief Executive Officer in the SLT Property Management Ltd and is aiming at monetizing the Company's highly valuable properties scattered islandwide.



MR. ROSHAN DAYARATHNE
Chief Executive Officer -
Talentfort (Pvt) Ltd.

Mr. Roshan Dayarathne is a Chartered Engineer & Corporate Member of the Institution of Engineers (Sri Lanka). Also, he is a member of Project Management Institute (USA). He counts over 18 years' experience in the telecommunication industry as an engineering professional with extensive experience in project management, operational management and a qualified professional in engineering management.

He holds a BSc Engineering (Hons) in Electronics & Telecommunication from University of Moratuwa, Sri Lanka & Master of Business Administration from Commonwealth University, Canada.

Currently, he serves as the CEO for Talentfort (Pvt) Limited and General Manager of Sri Lanka Telecom PLC. Also, he has more than seven years of experience as a Deputy General Manager of Sri Lanka Telecom PLC holding responsibilities in the fields of Telecommunications operation management and penetrate voice, broadband, and data services metropolitan area. Also, he has experience as regional manager of SLT for eight years. He served as access network engineer for SLT Mobitel for one year.

Mr. Dayarathne has more than 18 years' experience in all facets of telecommunications including

fixed, wireless, broadband, data, and overall network. This includes capital and infrastructure development, operations, sales, marketing, customer service, provisioning new connections, and outside plant developments and maintenance to fulfill business objectives.

Mr. Dayarathne was appointed to the Board of Urban Development Authority (Sri Lanka) and State Development Construction Corporation (SD & CC) as a Non-Executive Director with effect from 02nd January 2020.

No
Challenge too
Daunting



Corporate Governance

CORPORATE GOVERNANCE

The Board of Sri Lanka Telecom is responsible for setting in place sound corporate governance structures, frameworks, and processes to provide guidance to management in the day-to-day operations of the businesses.

A FRAMEWORK FOR GOVERNANCE LEGAL ENACTMENTS

- > Companies Act No.7 of 2007
- > Articles of Association
- > Sri Lanka Telecommunications Act No.25 of 1991 as amended by Act No.27 of 1996
- > Continuing Listing Rules of the Colombo Stock Exchange

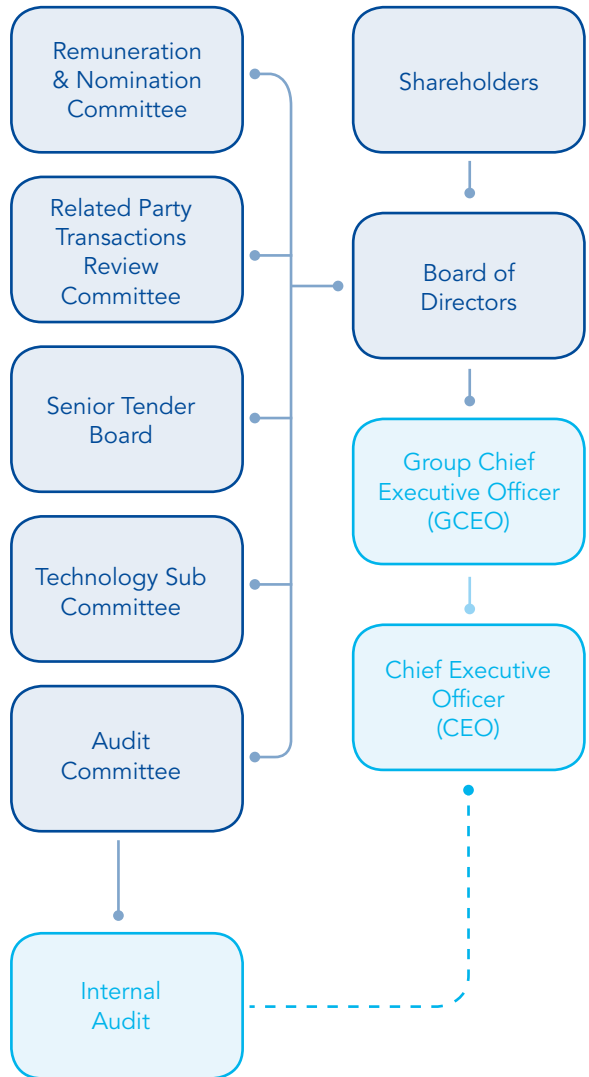
Voluntary Codes

- > Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Internal Governance Documents

- > Company Rules
- > Industry Code of Practice

BOARD SUB COMMITTEES



MANAGEMENT COMMITTEES



BOARD OF DIRECTORS

GRI: 102-18, 19, 20 / A1.1 - 1.6

SLT is led by a well balanced Board of Directors with years of expertise and wealth of knowledge that has helped the Group to continue to be the market leader in the industry. The Board meets regularly to execute its responsibilities that are detailed in page 47.

SELECTION OF BOARD













GRI: 102-24 / A7.3

In terms of the Articles of Association (AoA) of SLT, the Board of Directors has the authority to fill vacancies in the Board and appoint additional Directors subject to their re-election at the immediate proceeding Annual General Meeting (AGM). The two major shareholders, namely the Government of Sri Lanka acting through the Secretary to the Treasury, and Global Telecommunication Holdings N.V. recommend five and four Directors to the Board, respectively. Accordingly, the Board appoints the candidates

recommended by the two major shareholders to the Board, filling casual vacancies as provided by the AoA after deliberation of their experience, understanding of business and financial issues, ability to exercise sound judgement, diversity, leadership, achievements and experience in matters affecting business and industry.

On appointment, Directors are provided with a Board Induction Pack aiming to build an understanding of the nature of the organisation, its activities and the industry in which it operates and build a link with the organisation's people.

GRI: 102-26

Role of the Board	Board Balance								
<ul style="list-style-type: none"> > Provide leadership and direction to the Group business. > Ensure proper governance, ethics and regulatory compliance and wherever necessary seek professional guidance. > Ensure that SLT is appropriately managed and achieves the strategic objectives it sets. > Select, monitor, evaluate and compensate Senior Management > Pave the way for Management succession. > Review and approve significant corporate actions. > Review and monitor implementation of Management's strategic plans. > Review and approve the Company's annual business plan, budgets and operating plan > Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals. > Review Company's financial controls and reporting systems. > Review and approve the Company's Financial Statements and financial reporting. > Review the Company's legal compliance programmes and procedures > Oversee the Company's management of enterprise risk. 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Chairperson</td> <td style="text-align: center; padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;">Independent Non-Executive Directors</td> <td style="text-align: center; padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;">Non-independent Non-Executive Directors</td> <td style="text-align: center; padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;">Executive Director</td> <td style="text-align: center; padding: 5px;"></td> </tr> </table> <p style="margin-top: 10px;">The appointed Board is well balanced which includes sufficiency of financial acumen as given in their Board profiles on pages 28-32. During the year, 03 Board members are professionals in finance or accounting bodies.</p> <p style="margin-top: 10px;">Processes in place to assist Directors to fulfil their responsibilities.</p> <ul style="list-style-type: none"> > All Directors receive accurate, relevant, timely, clear and balanced information. > Directors exercise independent judgement on all matters set before the Board without bias > The Company Secretary act as the point of contact for the flow of information between committees, the Board and Directors, and other key managers > The CEO along with the respective Chief Officers and the Heads of Divisions presents their submissions to the Board and provides the necessary clarifications requested by the Board. > All Board Papers are made available in electronic format, in line with the Group's sustainability initiatives also enabling Board members to participate in meeting even remotely. > Board Papers are made available atleast one week prior to the board meetings for review and clarifications. 	Chairperson		Independent Non-Executive Directors		Non-independent Non-Executive Directors		Executive Director	
Chairperson									
Independent Non-Executive Directors									
Non-independent Non-Executive Directors									
Executive Director									

During the year, the Board consisted of 08 Non-Executive Directors and 01 Executive Director ensuring sufficient caliber and number for their views to carry sufficient weight. The Company maintains the composition of Directors in accordance with Section 7.10 of the Listing Rules and the requirements of the Company's AoA.

BOARD SUB-COMMITTEES

GRI: 102:22 / A7.1/ B1.3 / D3.3

SLT governance structure is further strengthened with Board subcommittees to fulfil regulatory

requirements and for better controls over business operations. A formal Terms of Reference is in place for each of these committees and the appointees are experts in each of the areas concentrated on. Regular meetings are held to deliberate matters falling within their purview and observations and recommendations are reported to the Board on a regular basis.

The subcommittee takes on the responsibility for communications with Senior Managements where the Chairmen and Members of the

sub-committee meet the Corporate Executive Team members as and when required to discuss and develop proposals collectively in relation to the Group's strategy and key operational issues.

Following are the main subcommittees, their role, members and meetings held during the year under review:

CORPORATE GOVERNANCE

Sub-committee/Role/Meetings	Members 2021
<p>AUDIT COMMITTEE (AC)</p> <p>The AC assists the Board in its oversight and monitoring of financial reporting, Group's Risks Management, revenue assurance functions, and internal controls. The AC report on pages 55 to 57 of the Annual Report sets out in detail the Committee's policies, practices, and areas of focus.</p> <p>The Committee meets at least four times a year and at such other times as the Chairman of the Committee require. Refer page 49 for meetings held during the year and attendance</p>	<p>The AC comprise Non-Executive Directors, majority of whom are independent.</p> <p>Following were the members during the year 2021</p> <ul style="list-style-type: none"> > Mr. Mohan Weerakoon, PC – Chairman > Ms. Lai Choon Foong > Mr Saman Fernando > Mr. V U Kumar – Appointed on 14th July 2021 <p>The GCEO, CEO, Group Chief Financial Officer (GCFO) and the Group Chief Internal Auditor (GCIA) attend the meetings by invitation. The GCIA reports directly to the AC.</p>
<p>REMUNERATION AND NOMINATION COMMITTEE (R&N C)</p> <p>The activities of the R&NC include nomination, selection and recommendation for appointment of Non-Executive Directors, GCEO, CEO and key senior officers, succession planning for the CEO and Senior Management, and review Board composition, particularly in relation to the diversity of background, skills, and experience.</p> <p>It also provides support and guidance with regard to the Group's policy for determining the fees for Non-Executive Directors and remuneration of GCEO, CEO, CEOs of subsidiary companies, and Senior Management.</p> <p>Minimum of four meetings are held during a year and at such other times as the Chairman of the Committee shall require. Refer page 49 for meetings held during the year and attendance</p>	<p>The R&NC comprises Non-Executive Directors, majority of whom are independent.</p> <p>The members of the Committee for 2021 are:</p> <ul style="list-style-type: none"> > Mr. Chan Chee Beng – Chairman > Mr. Lawrence Paratz > Mr Rohan Fernando <p>The GCEO and CEO attend meetings by invitation, as and when required by the Committee.</p>
<p>RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)</p> <p>RPTRC is in place to ensure that the interest of shareholders is taken into account when entering into related party transactions and to enhance corporate transparency and promote fair transactions between SLT, its subsidiaries, and other related parties.</p> <p>The related party relationship with its subsidiaries is disclosed in the Notes to the Financial Statements. However, the Board believes that those transactions are exempted in accordance with the exceptions specified in the Listing Rules.</p> <p>A minimum of four meetings are held annually. Refer page 49 for meetings held during the year and attendance.</p>	<p>The Committee comprises Non-Executive Directors of whom two Directors were independent. The Chairman of the Committee is an Independent Director.</p> <p>The members of the Committee for 2021 were:</p> <ul style="list-style-type: none"> > Ms. Lai Choon Foong – Chairperson > Mr. Mohan Weerakoon, PC > Mr. Saman Fernando

Sub-committee/Role/Meetings	Members 2021
<p>TECHNOLOGY SUBCOMMITTEE (TSC)</p> <p>A team of expertise set up to assist the Group in constantly evaluating business opportunities through technological advancement and to ensure that the current platforms support the Groups business objectives and strategies.</p> <p>Accordingly, TSC primarily focuses on;</p> <ul style="list-style-type: none"> > Strategise to increase business efficiencies; > Keep conversant with technological advancement through development of technical staff and by introducing more effective delivery system. > Review existing processes in place and its appropriateness against the Company's objectives and vision and introduce new development for better efficiencies. > Evaluate performance and methods of assessment, the Company's technology, people and skill plans and their implementation. <p>The Committee meets as and when required. Refer page 49 for meetings held during the year and attendance.</p>	<p>TSC comprises an Independent Non-Executive Director and Executive Director.</p> <p>The members of the Committee for 2021 were :</p> <ul style="list-style-type: none"> > Mr. Lawrence Paratz – Chairman > Mr Lalith Seneviratne <p>CEO and member of senior management of SLT and Mobitel attend meetings of the TSC as continual members in order to maintain Group synergies. If required, CEOs of subsidiary companies are also invited to attend meetings.</p>
<p>SENIOR TENDER BOARD (STB)</p> <p>A pre-approved structured function set-up by the Board to ensure proper controls and governance on procurement are being maintained throughout the Group. Accordingly, the STB reviews and approves all procurement with a value of LKR 75Mn to LKR 150Mn while the Board of Directors approve amounts exceeding LKR 150Mn. and the Junior Tender Board for amounts less than LKR 75 Mn.</p> <p>STB meets prior to every Board meeting. Refer page 49 for meetings held during the year and attendance.</p>	<p>STB comprises Non-Executive Directors.</p> <p>The members of the Committee for 2021 were:</p> <ul style="list-style-type: none"> > Mr. Saman Fernando - Chairman > Ms. Lai Choon Foong > Mr. Lawrence Paratz - Resigned w.e.f 08/09/2021 > Mr. Mohan Weerakoon > Mr. V. U. Kumar - Appointed w.e.f 08/09/2021 <p>The CEO and the GCFO are appointed to the Committee by the Board to review the Group's procurement needs.</p>

ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS DURING THE YEAR 2021

Board Member	Status	Board	AC	R&N C	TSC	STB	RPTRC
Mr. Rohan Fernando-Chairman	INED	8/8		8/8			
Mr. Chan Chee Beng	NED	8/8		8/8			
Mr. Lawrence Paratz	INED	8/8		8/8	6/6	4/4	
Ms. Lai Choon Foong	INED	8/8	9/9			6/6	4/4
Mr. Lalith Seneviratne	ED	8/8			6/6	4/6	
Mr. Mohan Weerakoon,PC	INED	8/8	9/9			5/6	4/4
Mr. Ranjith Rubasinghe	NED	8/8					
Mr. Saman Fernando	NED	7/8	7/8			5/5	4/4
Mr. V U Kumar - Appointed w.e.f. 14/07/2021	INED	5/5	3/3			2/2	

CORPORATE GOVERNANCE

INDEMNITIES TO DIRECTORS AND LIABILITY INSURANCE COVER

The AoA of the Company grants an indemnity to the Directors from the Company to the extent permitted by law in respect to liabilities incurred as a result of the performance of their duties in their capacity as Directors of the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company has maintained Directors' and Officers' Liability Insurance cover throughout the year.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

GRI: 102-35, 36 / B3 B3.1

Directors' fees is based on their experience and skills and the complexity of the Group's business and operations. R&N C reviews and proposes the Non-Executive Directors remuneration which is approved by the Board. The fees for Non-Executive Directors comprise a fee for attendance at Board and Board's subcommittee meetings. The aggregate Directors' fees paid to the Directors for the financial year ended 31 December 2021 is given in Note 7 of the Financial Statements.

ROLE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A2.1 / A5.7

Clearly defined distinction between strategic and operational matters is established in terms of division of responsibility of the Chairman and the Chief Executive Officer (CEO). The Chairman of the Board of SLT is a non-executive appointment and focuses on strategic issues. He ensures that Board procedures are followed and all Board members effectively participate during meetings.

The CEO is responsible for day-to-day management of the business and leadership of the executive team, and execution of the Group's strategic and operating plans in consultation with the GCEO. The Chairman meets the GCEO and CEO regularly to

discuss any issues pertaining to the Company's performance, operational matters, and human resources.

CEO PERFORMANCE EVALUATION

The CEO's Performance is evaluated by the Board annually against the performance objectives that were agreed upon at the beginning of the year through the R&N C and the Board. The CEO's evaluation and performance compensation are agreed between the two parties on this basis.

STRATEGIC GOVERNANCE BOARDS (SGB)

Strategic Governance Board is established with four cross functional governance committees comprising of the CEO and the Chief Officers of each functional area. The committees are responsible for studying the requirements of cross functional areas and introduce solutions for business efficiencies and improvement of processes in a transparent manner.

THE COMPANY SECRETARY

The Company Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. The Company Secretary supports the Chairman in delivery of the agenda, in particular the planning of the annual cycle of Board and Board Committee meetings, and ensures that information is made available to Board members in a timely fashion. He also advises the Directors on Board procedures and corporate governance matters. He also functions as the Secretary to all the Board subcommittees.

The Company Secretary is an Attorney-at-Law and an Associate Member of the Chartered Governance Institute, United Kingdom and is the designated person for shareholder communication who acts upon the guidance of the GCEO and CEO.

The appointment or removal of the Company Secretary is a matter for the Board as a whole.

REMUNERATION OF SENIOR MANAGEMENT

GRI: 102-35, 36

The remuneration framework and policies are designed to appraise the work performance of the employees towards achieving the Group objectives and strategies. Accordingly, appropriate corporate and individual performance metrics are agreed upon based on the medium and long-term targets and year end evaluations are performed. Competitive packages are offered to attract and retain highly experienced and talented individuals

SLT's CEO is the head of management and is, therefore, remunerated as part of Senior Management. The R&N C recommends the salary package of the CEO to commensurate with his qualifications and experience for the approval of the Board.

CORPORATE ETHICS

D5.1

SLT has adopted a Code of Ethics for Directors and a more detailed Code of Conduct for the employees, which is also extended to third parties who deal with the Company. The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SLT, its competitors, customers, suppliers, and the community. Processes and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The Code covers areas such as equal opportunity employment practices, workplace health and safety, conduct in the workplace, business conduct, protection of SLT's assets, proprietary information and intellectual property, data protection, security, resilience, conflict of interest, and non-solicitation of customers and employees. The Code is posted on SLT's internal website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

FINANCIAL ACUMEN, INTERNAL CONTROL AND RISK MANAGEMENT

GRI: 102:27

Internal control framework currently in place is set by the risk management framework, financial control, internal audit and supporting policies. The aim of SLT's internal control framework is to assure that operations are effective and well aligned with the strategic goals and to ensure correct, reliable, complete and timely financial reporting and management information is available for its stakeholders. The framework endorses ethical values, good corporate governance and risk management practices.

SLT uses systematic risk management to develop the efficiency and control of business operations as well as their profitability and continuity.

RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

C3 / C3.1

The Board of Directors has adopted rules issued by the CSE on related party transactions throughout

its decision-making process to avoid any conflict of interest that may occur. Accordingly, a RPTRC under the Board of Directors to enhance corporate transparency and promote fair transactions between SLT and its subsidiaries.

The Company has a related party relationship with its subsidiaries as disclosed in Note 34 of the Notes to the Financial Statements. However, the Board believes those transactions are exempted in accordance with exceptions specified in the Code of Best Practices on Related Party Transactions issued by the SEC and Listing Rules. All these are recurrent transactions and are in the ordinary course of business of the Company.

There are no material contracts entered into by SLT or any of its subsidiaries that involve the interests of the CEO, any Director, or the controlling shareholders, Secretary to the Treasury and the Global Telecommunications Holdings, N.V.

MAJOR TRANSACTIONS

The Board of Directors, as required by Section 185 of the Companies Act, disclose to shareholders all proposed

corporate transactions detailing all facts associated with such transactions that are of material value to SLT. There were no major transactions entered into by SLT during the year 2021.

COMMUNICATIONS WITH SHAREHOLDERS AND CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING

The AGM is used for constructive engagement with investors, and all shareholders are encouraged to participate. Chairpersons of subcommittees will be available at the AGM to answer any questions from shareholders.

STATEMENT OF COMPLIANCE UNDER THE RULES OF CSE ON CORPORATE GOVERNANCE

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
7.10. a,b,c	Compliance		
	Compliance with Corporate Governance Rules	☑	SLT is in compliance with the Corporate Governance Rules
7.10.1	Non – Executive Directors (NED)		
(a), (b) (c)	Two members or 1/3 of the Board, whichever is higher, should be NEDs.	☑	As at 31st December 2021, eight out of nine Directors are Non-Executive Directors
7.10.2	Independent Directors (ID)		
(a)	Two or 1/3 of NEDs, whichever is higher, should be Independent	☑	As at 31st December 2021 five out of the eight NEDs are Independent
(b)	Each NED should submit a declaration annually of his/her Independence or Non-Independence	☑	All NEDs have submitted signed declaration confirming their independence/ non – independence
7.10.3	Disclosures relating to Directors		
	The Board shall annually determine the independence or otherwise of the NEDs	☑	The Board annually determines as to the independence or non – independence of each NED based on the declaration submitted by them and the names of the ID's are set out in the Annual Report.
(a)	Names of the IDs should be disclosed in the Annual Report		

CORPORATE GOVERNANCE

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
(b)	In the event a Director does not qualify as 'independent' against any of the specified criteria, the Board taking account all the circumstances, may determine the Director independent and such basis of determination should be set out in the Annual Report	☑	Mr. Lawrance Paratz has served on the Board continually from 2010. The Board believes that the independence of Mr. Paratz is not compromised by him serving on the Board for a period exceeding nine years from his appointment.
(c)	A brief resume of each Director should be included in the Annual Report including the Director's experience	☑	A brief description of each Director is given in the Board of Directors section of the Annual Report
(d)	Upon the appointment of a new Director, a brief resume of newly appointed Director be provided to CSE	☑	A resume of Mr. V. U. Kumar, who was appointed during the year, has been submitted to the CSE along with the announcement.
7.10.4	Determination of Independence		
(a-h)	Requirements for meeting the criteria to be an Independent Director	☑	The Independence of the Board of Directors has been determined in accordance with the requirements of the CSE Listing Rules. Accordingly, 5 NEDs are considered Independent as at 31st December 2021.
7.10.5	Remuneration Committee ("RC")		
(a)	Composition		
	Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent	☑	RC comprises three NEDs out of whom two are Independent.
	One NEDs shall be appointed as Chairman of the Committee by the Board of Directors		Chairman of the Committee is a NED.
(b)	Functions		
	RC shall recommend the remuneration of the EDs and CEO	☑	The Board considering the recommendation of the R & NC determines the remuneration payable to the ED and the CEO. Fees for Non-Executive Directors comprised a fee for attendance at Board and Board's sub-committee meetings.
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the RC	☑	Refer Board Sub Committees under Corporate Governance.
	Statement of Remuneration Policy	☑	Refer Board Sub Committees under Corporate Governance.
	Aggregate remuneration paid to EDs and NEDs	☑	Refer Board Sub Committees under Corporate Governance and Note 7 to the Financial Statements

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
7.10.6	Audit Committee (AC)		
(a)	Composition		
	Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent	☑	AC comprised four NEDs out of whom three NEDs are considered independent
	One NED shall be appointed as the Chairman of the Committee	☑	The Chairman of the Committee is an Independent Director.
	CEO and Chief Financial Officer (CFO) should attend AC meetings	☑	The GCEO, CEO, GCFO, GCIA and the External Auditors attended the Meetings by invitation
	Chairman of the AC or one member should be a member of a professional accounting body	☑	Ms. Lai Choon Foong, and Mr. V. U. Kumar are members of professional accounting bodies
(b)	Functions		
	Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	☑	AC assists the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company and the Group
	Overseeing the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	☑	AC has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies
	Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	☑	AC assesses the effectiveness of internal control and risk management
	Assessment of the independence and performance of the External Auditors	☑	AC assesses the External Auditor's performance, qualifications and independence
	Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	☑	AC is responsible for appointment, reappointment and removal of External Auditors and also the approval of the remuneration and terms of engagement
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the AC	☑	Refer Board Sub Committees under Corporate Governance
	AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	☑	Refer the Report of the AC in the Annual Report
	Aggregate remuneration paid to EDs and NEDs	☑	Refer the Report of the AC in the Annual Report
9.2	Related Party Transactions Review Committee (RPT – RC)		
9.2.1.	RPT – RC shall review all related party transactions except for transactions set out in Rule 9.5 of the Listing Rules	☑	All related party transactions have been reviewed by the RPT RC except for transactions set out in rule 9.5.

CORPORATE GOVERNANCE

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
9.2.2.	Committee shall comprise a combination of NEDs and INEDs. ED may also be appointed at the option of the Company.	<input checked="" type="checkbox"/>	RPT – RC comprise of three NEDs of which two are INEDs.
	INED shall be appointed as the Chairman of the Committee	<input checked="" type="checkbox"/>	Chairman of the Committee is a INED
9.2.3.	In the event where the parent and the subsidiary are listed entities the RPT –RC of the parent can function as the RPT – RC of the subsidiary. If the parent company is not listed, the subsidiary shall have a separate RPT – RC	<input checked="" type="checkbox"/>	The Company has appointed a RPT - RC
9.2.4.	RPT – RC shall meet atleast once a calendar quarter . Minutes of all the meetings should be documented and communicated to the Board.	<input checked="" type="checkbox"/>	Committee met four times during the financial year. The Minutes of the RPT – RC meeting are submitted to the Board.
9.2.5 to 9.2.7	Members should ensure that they have access to enough knowledge and expertise to assess proposed related party transactions. Committee may request the Board to approve related party transactions under review by the Committee A Director who has material personal interest in a related party transaction shall not participate and vote on the matter.	<input checked="" type="checkbox"/>	Members have access to enough knowledge or expertise to assess all aspects of proposed related party transactions. RPT-RC did not refer any related party transactions under their review to the Board for approval during the year. Directors did not have material personal interest in any related party transactions carried out during the year.
9.3	Disclosures		
9.3.1.	Immediate Disclosures	<input checked="" type="checkbox"/>	There were no related party transactions that required immediate disclosure to the CSE
9.3.2.	Disclosures in the Annual Report	<input checked="" type="checkbox"/>	There were no Non – recurrent or Recurrent related party transaction that required disclosure in the Annual Report. Please refer Annual Report of the Board of Directors for an affirmative statement of compliance with the Rules on Related Party Transactions

AUDIT COMMITTEE REPORT D3.3

I am pleased to present the Audit Committee ("Committee") report for the year ended 31 December 2021.

The primary objective of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls in the Group, and compliance with laws and regulations. The Committee provides assurance to the Board of Directors ("Board") on the integrity of the Group's financial reporting and effectiveness of its internal control environment.

The Committee is particularly focused on the effectiveness of the internal and external audit functions, revenue assurance capabilities, fraud and risk management, cyber security and the impact of COVID-19 pandemic on the business in terms of financial performance, new and emerging risks, crisis management as well as business continuity and resilience.

MEMBERSHIP OF COMMITTEE

The Committee comprises of four Non-Executive Directors, of whom three were independent.

The members of the Committee are:

- > Mr. Mohan Weerakoon, PC - Chairman
- > Ms. Lai Choon Foong
- > Mr. V U Kumar (Appointed w.e.f 14.07.2021)
- > Mr. K A Vimalenthirarajah (Appointed w.e.f 15.03.2022)
- > Mr. Saman Fernando ceased to be a member of the Committee upon his resignation from the Board on 02.03.2022.

On behalf of the Committee, I would like to place on record the Committee's appreciation for the services rendered by Mr. Saman Fernando during his tenure as a member of the Committee.

Ms. Lai Choon Foong is a Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. Mr. Kumar is a member of the Institute of Chartered Accountants

in England & Wales and Corporate Finance Institute of Chartered Accountants of England & Wales, a Chartered Accountant of the Malaysian Institute of Accountants, and a former senior partner of PricewaterhouseCoopers SEAPEN. The Board is satisfied that the current members of the Audit Committee are competent in financial matters and have a good mix of skills, expertise and experience in commercial matters, telecommunications, finance and audit.

Other attendees at Committee meetings (or part thereof) were the Group Chief Executive Officer, Chief Executive Officer, Group Chief Financial Officer, Group Chief Internal Auditor, external auditor representatives and Group Company Secretary. Members of senior management were also invited to attend as appropriate to present reports and provide responses on audit issues presented to the Committee.

The agenda of the Committee meetings comprised of the following 4 recurrent items:

- > External Audit (for the quarter, half-year and full year financial statements)
- > Internal Audit (as per the audit plan)
- > Risk Management
- > Revenue Assurance and Fraud Management

ROLE OF COMMITTEE

The role and responsibilities of the Committee are set out in its Terms of Reference ("ToR") and the Committee conducts its affairs in compliance with the ToR.

The responsibilities' of the Committee include, but are not limited to, the following matters:

- > Oversight of the integrity of the financial statements of the Group and Company
- > Review of its quarterly, half-year and annual financial statements followed by recommendation for the approval of the Board

- > Oversight of risk management and internal control systems and processes
- > Oversight of its compliance with legal and regulatory requirements
- > Oversight of the external auditors' independence and recommendation of their fees for the approval of the Board
- > Review of the effectiveness of the internal audit function

FINANCIAL REPORTING

The Committee's oversight of financial reporting is to ensure the accuracy, completeness and timeliness in the management's reporting of interim and annual financial results of the Group and its subsidiaries.

The financial and management reporting of SLT comprises of monthly, quarterly and annual financial and management reports including the reporting of actual results against the budget, targets, key performance indicators and forecasts.

The Committee reviews these financial and management reports on a regular basis and directs the management on the strategies, plans and action required to improve the effectiveness of controls and performance of the Group and its subsidiaries.

External Auditors

At the AGM held in April 2021, the shareholders approved the appointment of Ernst & Young as the external auditors. On the recommendation of the Audit Committee, the Directors will be proposing the re-appointment of Ernst & Young as the external auditors at the AGM to be held in May 2022.

Auditor's Independence

The Committee is responsible for monitoring of the policies and procedures on the use of the external auditor for non-audit services in accordance with professional and regulatory requirements.

AUDIT COMMITTEE REPORT

The external auditor has confirmed that in relation to the audit of SLT financial statements for the year ended 31 December 2021, they are independent within the meaning of Section 163, sub-section 3(a) of the Companies Act No. 07 of 2007.

These policies are kept under review to ensure that the Group benefits, in a cost-effective manner, from the cumulative knowledge and experience of its external auditor whilst also ensuring the necessary degree of their independence and objectivity.

The Committee also ensures that fees incurred, or to be incurred, for non-audit services both individually and in aggregate, do not exceed the fees recommended for the external audit, and considers the relevant ethical guidance for external auditors.

AUDITOR'S FEES

The fees paid to the external auditor for the audit of SLT and its subsidiaries during the financial year 2021 are disclosed in Note no. 07 to the financial statements.

INTERNAL AUDIT AND COMPLIANCE

The Group Internal Audit function of SLT conducts audits based on an annual audit plan approved by the Committee. It also conducts investigations at the request of senior management, Committee or the Board of Directors.

The Committee monitors the effectiveness, performance and objectivity of the internal audit function, and reviews:

- > its reporting line and access to the Committee and members of the Board;
- > internal audit plans and achievement of its plans;
- > key internal audit findings, adequacy of management's response and timeliness of their corrective action; and

- > adequacy of internal audit resources.

RISK MANAGEMENT

SLT has implemented an enterprise risk management framework which covers the strategic, operational, compliance and financial risks of the Group and subsidiaries.

The risk management function is focused on assessing various risks arising from the impact of the pandemic and cyber security, of which the management has taken appropriate action to mitigate these risks.

The Committee reviews the adequacy of the risk management function in identifying and assessing key risks, and in working with the management to mitigate these risks through appropriate and timely action.

REVENUE ASSURANCE AND FRAUD MANAGEMENT

The key objective of the Revenue Assurance function and Fraud Management function is to minimize revenue leakages and frauds penetrated by internal or external parties.

The Committee reviews the findings and recommendations of these functions and ensures that appropriate and timely action is taken by the management to minimize revenue leakages and frauds.

ACTIVITIES PERFORMED DURING 2021

The Committee held 8 meetings during the year 2021 and its key activities were as follows:

Financial Statements and Accounting Policies

- > Reviewed the quarterly and full year financial statements for financial year 2021 and recommended for the approval of the Board

- > Reviewed internal and external audit findings and recommendations, and management's action on the recommendations
- > Reviewed the policies and procedures of key accounting processes and recommended areas for improvement
- > Reviewed key items recommended for write-off by management
- > Reviewed the engagement of the external auditor
- > Reviewed the effectiveness of the services provided by the external auditor
- > Reviewed compliance of the external auditor with the independence criteria
- > Reviewed the external audit fee for 2021 and recommended for approval of the Board
- > Held meetings with the external auditor without the presence of management
- > Reviewed and approved the internal audit plan, and monitors the achievement of the plan
- > Reviewed the adequacy of the internal audit function and its resources

Internal Audit

- > Reviewed reports from Group Internal Audit function to ensure adequacy of the systems of internal control and risk management
- > Reviewed and approved the Internal Audit Plan for 2021
- > Reviewed the internal audit reports on compliance to the policies of the Group and subsidiaries
- > Assessed the effectiveness of the Internal Audit function and provide recommendations for strengthening the function

Risk Management

- > Reviewed the update on enterprise risk management and proposed changes to the risk map

Revenue Assurance and Fraud Management

- > Reviewed the implementation of the project on the system to detect revenue leakages and frauds

The attendance of the Directors at the Committee meetings is given in page 49 of the Annual Report.

On behalf of the Group Audit Committee



Mohan Weerakoon, PC
Chairman of the Audit Committee

15 March 2022

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Remuneration and Nomination Committee of the Board, whose membership is set out below, consists solely of Non-Executive Directors of whom majority are independent Directors;

Mr. Chan Chee Beng – Non Executive Director (Chairman)

Mr. Lawrence Paratz – Independent Non-Executive Director

Mr. Rohan Fernando – Independent Non – Executive Director

The Company Secretary functions as the Secretary of the Committee.

The Committee function as the Group Remuneration and Nomination Committee. The Group Chief Executive Officer (GCEO), Chief Executive Officer (CEO), Group Chief Financial Officer, Chief Human People's Officer and external advisers are invited to attend for all or any part of the meeting as required.

ROLE & RESPONSIBILITIES

The principal tasks of the Committee include;

- > Recommend to the Board on formulation of proposals in respect of the remuneration policy of Non-Executive Directors, Executive Director/GCEO, CEO of SLT and its subsidiaries and executive management of SLT.
- > Nominate for Board's approval suitable candidates to fill casual vacancies as the need arises.
- > Review the career and development plans for the Company's most senior members of management with a view to ensuring that there is an adequate talent pool.

- > Review and recommend annual bonus payments and annual salary increments for all employees of SLT group.

The GCEO and the CEO's of respective companies are fully consulted on remuneration proposals.

The Committee operates within agreed terms of reference and is committed to ensuring that remuneration arrangements align -reward with performance.

REMUNERATION POLICY

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value.

The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy. The Committee makes every endeavour to maintain remuneration levels that are sufficient to attract and retain members of the senior management team.

All Non-Executive Directors receive a fee for serving on the Board and serving on Board committees based on their attendance at meeting. They do not receive any performance related incentive payments.

GCEO, CEO AND THE SENIOR MANAGEMENT'S REMUNERATION

The main elements of the remuneration package for the GCEO, CEO and senior management are basic salary, benefits, and performance related annual bonus.

Payment of an annual bonus depends on achievement of operating profit targets and personal goals. The salary of the GCEO, CEO and the senior management are reviewed annually in January having regard to the year-on-year inflation of the Country, the organizational performance and the individual performance.

Details of the overall Directors' remuneration charged to the Group Income Statement is shown in Note 7 on of the Financial Statements.

The Directors have no beneficial interests in any of the Group's subsidiary undertakings.

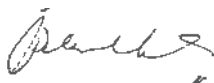
ACTIVITIES CARRIED OUT DURING 2021

The Committee met on eight occasions during the year 2021 and the activities carried out are summarized below.

- > Recommended performance-based grade promotions of the senior management of SLT and its subsidiaries
- > Recommended extension of services of senior officers of permanent and fixed term of contracts, of employment
- > Performance Review of senior management
- > Recommended payment of annual bonus, increments for employees of SLT and its subsidiaries and incentive schemes for respective sales staff
- > Performance Evaluation of the GCEO
- > Reviewed and recommended the implementation of organizational structural changes across the Regional Group

- > Reviewed and recommended the revision of Directors fee for attendance at Meetings of SLT and Mobitel.
- > Reviewed and recommended for approval of the Board the policy on staff secondment to subsidiaries
- > Reviewed and recommended the appointment of CEO in place of Mr. Kiththi Perera who is on overseas leave and the selection of a successor for the position of COO as the current COO is due to retire from the service by July 2022.

On behalf of the
Remuneration & Nomination
Committee



Chan Chee Beng
Chairman

15 March 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

OBJECTIVE

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (The Code) and with the Listing Rules of the Colombo Stock Exchange ("CSE").

COMPOSITION

The Committee during the financial year 2021 comprised of three NEDs of whom two are Independent Directors. The members of the Committee were as follows;

Ms. Lai Choon Foong, Chairperson
 Mr. Mohan Weerakoon
 Mr. Saman Fernando

Mr. Saman Fernando, ceased to be a member of the Committee with effect from 2 March 2022 subsequent to his resignation from the Board of SLT.

Mr. K A Vimalenthirarajah was appointed as a member of the Committee on 15 March 2022.

In compliance with the requirements of the Listing Rules of the CSE, the Chairman of the Committee is an independent Director.

The Company Secretary functions as the Secretary of the Committee.

MEETINGS OF COMMITTEE

The Committee had four meetings during the financial year 2021 and the attendance at these meetings is showed in the Corporate Governance Report on page 49. The Group Chief Financial Officer attended the meetings by invitation.

The activities and views of the Committee have been communicated to the Board of Directors, through verbal briefings, and by tabling the minutes of the Committee's meetings

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

ACTIVITIES DURING 2021

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report.

The Committee reviewed the transaction in connection with the Share Sale & Purchase Agreement with Tempest Two (Pvt) Ltd, an investor consortium to divest the shares held in SLT Campus (Pvt) Ltd. The Committee recommended for the approval of the Board the transaction and noted that the transaction does not require the approval of the shareholders or immediate market disclosure as per the listing rules.

Details of other related party transactions entered into by the Company during the financial year is disclosed in Note 34 of the Financial Statements.

DECLARATION BY THE BOARD

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 112 to 117 as a negative statement to the effect that no related party transaction failing within the ambit of rule 9.3.2. of Listing Rules of the CSE was entered into by the Company during the year.

On behalf of the
 Related Party Transactions Review
 Committee



Lai Choon Foong (Ms.)
 Chairperson

15 March 2022

No
Aspiration too
High



**Strategy & Enterprise Risk
Management**

OUR BUSINESS MODEL

INPUTS



FINANCIAL CAPITAL

The funds obtained through shareholders and other lenders which allow us to drive our value creation

- > Total Equity: Rs 93.98 Bn
- > Borrowings: Rs 46.6 Bn



INSTITUTIONAL CAPITAL

- > Rs 22.3 Mn Brand value
- > The robust systems and processes in place
- > The tacit knowledge of our team.



HUMAN CAPITAL

- > Competencies, attitudes and experience of our workforce.



SOCIAL & RELATIONSHIP CAPITAL

- > The strong relationships we have nurtured over the years with our customers, suppliers, business partners and the society



NATURAL CAPITAL

Natural resources consumed in carrying out our business activities.



MANUFACTURED CAPITAL

- > Expansion of the network and investments in digital infrastructure.
- > Property, plant and equipment: Rs 141.94 Bn



VALUE CREATION

OUR VISION

All Sri Lankans seamlessly connected with world-class information, communication and entertainment services

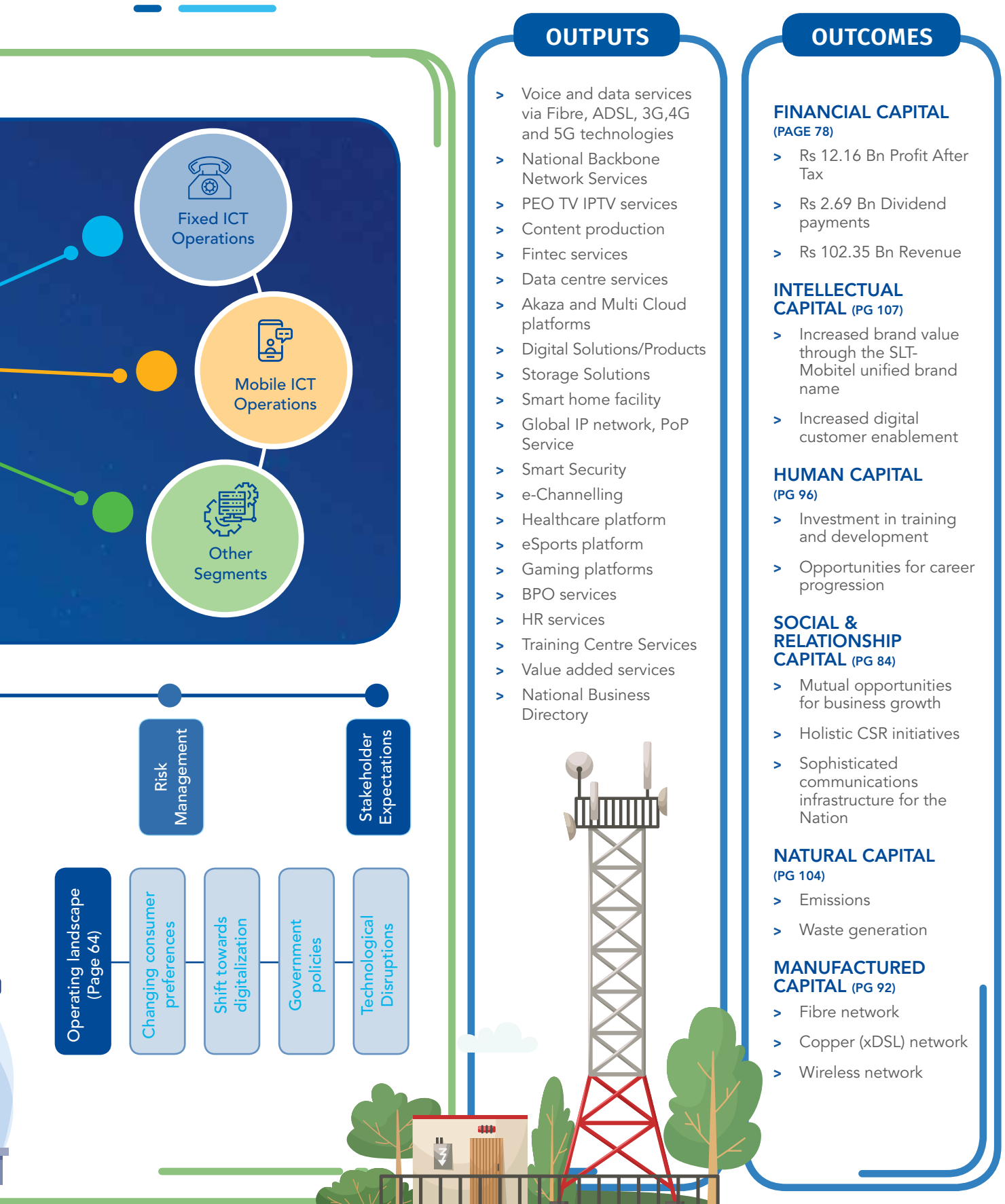
CONNECTING LIVES, BUSINESSES AND COMMUNITIES THROUGH A RANGE OF ICT SOLUTIONS AND SERVICES.



Focused Strategy

Corporate Governance





OUTPUTS

- > Voice and data services via Fibre, ADSL, 3G,4G and 5G technologies
- > National Backbone Network Services
- > PEO TV IPTV services
- > Content production
- > Fintec services
- > Data centre services
- > Akaza and Multi Cloud platforms
- > Digital Solutions/Products
- > Storage Solutions
- > Smart home facility
- > Global IP network, PoP Service
- > Smart Security
- > e-Channelling
- > Healthcare platform
- > eSports platform
- > Gaming platforms
- > BPO services
- > HR services
- > Training Centre Services
- > Value added services
- > National Business Directory

OUTCOMES

FINANCIAL CAPITAL (PAGE 78)

- > Rs 12.16 Bn Profit After Tax
- > Rs 2.69 Bn Dividend payments
- > Rs 102.35 Bn Revenue

INTELLECTUAL CAPITAL (PG 107)

- > Increased brand value through the SLT-Mobitel unified brand name
- > Increased digital customer enablement

HUMAN CAPITAL (PG 96)

- > Investment in training and development
- > Opportunities for career progression

SOCIAL & RELATIONSHIP CAPITAL (PG 84)

- > Mutual opportunities for business growth
- > Holistic CSR initiatives
- > Sophisticated communications infrastructure for the Nation

NATURAL CAPITAL (PG 104)

- > Emissions
- > Waste generation

MANUFACTURED CAPITAL (PG 92)

- > Fibre network
- > Copper (xDSL) network
- > Wireless network

OPERATING ENVIRONMENT

Telecommunications is pivotal to the country’s digital future as it provides the necessary infrastructure to drive growth. Growth of telecommunications sector has been supported by accelerated digitalisation of business applications to facilitate customer engagement and enable employees to work remotely during the past two years.



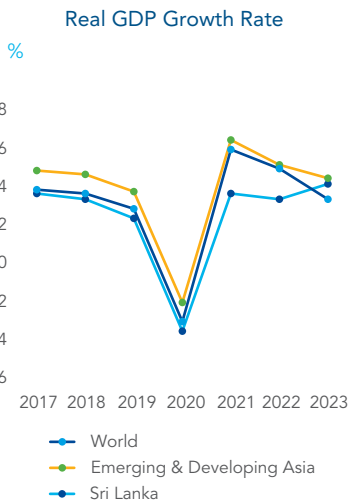
A GLOBAL PERSPECTIVE

The global telecommunications industry is the bedrock on which modern socioeconomic activity is built and it is hard to imagine a sphere of activity untouched by telecommunications. The pandemic made its relevance universal as it underpinned the way we interacted with the rest of the world. Working from home, online learning and entertainment were seamlessly integrated while applications to engage and empower customers proliferated accelerating digitalisation of nearly every aspect of life. Technology companies experienced unprecedented demand for their services and this amplified the demand for broadband services. The trend continued in 2021 as waves and variants of COVID-19 continued to disrupt economic activity. Working from home, online learning and entertainment were seamlessly integrated as the world embraced the possibilities of the 5th industrial revolution. Business experienced cost efficiencies as digital platforms provided the scalability and cost rationalisation that were a key area of focus. Consumer dependency on e-commerce surged as did financial transactions.

For Telcos, the investments continue to be an area of key concern as the rapid evolution in technology necessitates replacement of old technologies prior to economic utilisation of their useful life. However, it has also meant that markets were getting saturated and intense competition was eroding margins. The services offered by Telcos were becoming more commoditized and future forward Telcos needed to transform into technology companies, expanding their portfolio of value added services to compete effectively with established technology companies. Telcos are well poised for the transformation as the analytics available provide a distinct competitive advantage. Unlocking this value will be key to increasing the share of wallet of the customer and extending their life cycle by adding relevant products to manage customer value.

COUNTRY PROFILE

Sri Lanka’s economy is estimated to have grown by 4%¹ after weathering a lockdown in the 3rd quarter due to the Delta variant. The country made significant progress in vaccinating its population with 96% of its population vaccinated with at least one dose, 82% with the 2nd dose and 54% with the booster by 26th March 2022.² Interest rates which were low in the first half of the year moved upwards in the latter half as monetary policy was tightened in response to economic developments. Inflation increased during the year to 12.1% which was driven by a number of factors including increased supply chain costs and commodity prices. Additionally, the sharp decrease in inflows of foreign exchange for a prolonged period and government debt repayments resulted in a foreign exchange liquidity crisis and a devaluation of the Sri Lankan rupee leading to wide ranging import restrictions and an energy crisis by early 2022.

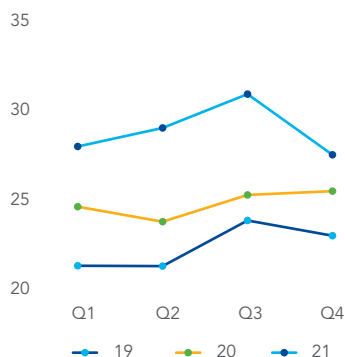


Source: World Economic Outlook October 2021

¹Monetary Policy Review No.1 of 2022, CBSL

²Presidential Secretariat Sri Lanka, Status of Cases and Vaccination

Telecommunications Sector Growth
Rs. Bn



Source: GDP By Industrial Origin at Current Market Prices

TELECOMMUNICATIONS SECTOR IN SRI LANKA

The Telecommunications sector in the country is one of the most dynamic sectors and its growth was accelerated with the onset of the COVID-19 pandemic in 2020. Social distancing became a necessity since then to minimise risk, and wide ranging business disruptions made working from home and learning from home a necessity, increasing the demand for reliable telecommunication services to stay connected to family, workplaces, learning institutions, other economic activity and social interactions. An essential service that supports Sri Lanka’s connectivity to global opportunities, the telecommunications sector grew by 10.9% in 2020 and accounted for 0.66% of GDP in the same year. Growth of telecommunications sector

Category of Service	2021	SLT Group
Fixed Access Telephone Service	3	✓
Cellular Mobile Service	4	✓
Data Communications (Facility based)	2	
Data Communications (Non-facility based and Internet Service Providers)	3	
Trunk Mobile Radio	1	
International Telecommunication Operators	6	✓
Direct to Home Satellite Broadcasting Service	4	✓
Cable TV Distribution Network	3	
Other Operators	2	
Total	28	

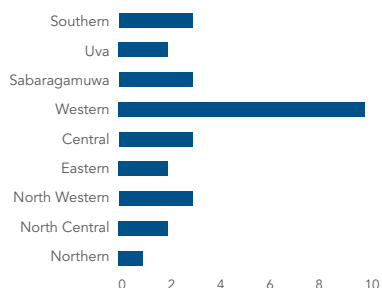
has been supported by accelerated digitalisation of business applications to facilitate customer engagement and enable employees to work remotely during the past two years. This trend is expected to continue as we move into the industrial revolution that is being shaped by the rapid adoption of artificial intelligence supported by access to big data and improved hardware processing capabilities.

Telecommunications is pivotal to the country’s digital future as it provides the necessary infrastructure to drive growth. Sri Lanka’s telecommunications sector is regulated by the Telecommunications Regulatory Commission (TRC). Additionally, the Information and Communications Technology Agency of Sri Lanka (ICTA) is a

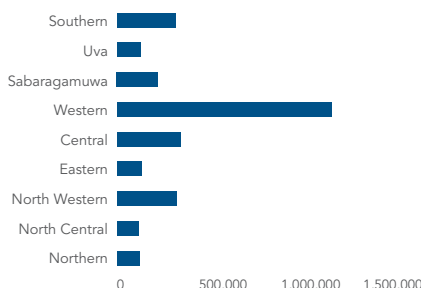
key government agency shaping the development of the national telecommunications and technology landscape with a mandate to making Sri Lanka a digitally inclusive country with a mission of transforming Sri Lanka as a creative knowledge-based society.

There are 28 licenses issued by the TRC as above and the Sri Lanka Telecom Group holds 4 of these licenses as set out in the table alongside. Growth of the country’s telecommunication sector is graphically depicted overleaf. The charts set out reflect the coverage and increasing demand for telecommunication services in the country.

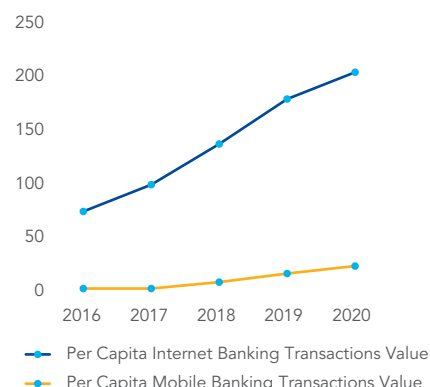
Mobile
Mn. Connections



Fixed
Mn. Connections



Per Capita Banking Transactions Value
Rs. '000



Source: TRCSL <https://www.trc.gov.lk>

OPERATING ENVIRONMENT



Source: TRCSL <https://www.trc.gov.lk>



RESPONSIVE TO STAKEHOLDERS

Operating in an increasingly competitive industry, the Sri Lanka Telecom Group is conscious of the need to maintain an equilibrium between the value delivered to stakeholders and the value derived from them. The pandemic era heightened our awareness of this




need and significant resources were allocated to assess stakeholder needs in order to address them effectively and efficiently.


The Sri Lanka Telecom website, newspapers, brochures, magazines and social media facilitate

dissemination of information to all stakeholders. The table below discusses the specialised mechanisms in place for engaging the stakeholders together with the concerns identified and a summary of their responses.

Stakeholder	Engagement Mechanism	Frequency of Engagement	Stakeholder Concerns	Our Response
 <p>CUSTOMERS</p> <p>Our customers vary from individuals to global enterprises. We have established dedicated teams to manage the varying needs of the different customer segments, facilitating targeted responses.</p>	> Customer satisfaction survey	Annually or more frequently as required	> Reliable service	99.5% Uptime
	> Branches	As per the customer need	> Availability of the engagement team/ tool	Branches availability in every district
	> Contact Centre		> Easy access to Portals and Apps	Expanding Fibre network
	> Self-care Portals		> Privacy	Expanding 5G network
	> SLT and Mobitel Self Care Apps	Regularly	> Cybersecurity	Investments in data protection and cybersecurity
	> Proposals (for businesses)		> Troubleshooting	Response teams
	> Customer visits		> Convenience	Empowering customers through selfcare portals
	> Meetings		> Overall experience	
> Newsletters		> Other value-added features	The Embryo, A/L Kuppiya, Callertune, Sisuconnect, eBill, MTicketing	
 <p>EMPLOYEES</p> <p>Our employees drive our growth with their skills, knowledge, expertise, ideas and work</p>	> Employee satisfaction survey	Quarterly	> Health & Safety at work	Stringent protocols for safety and provision of PPE
	> Group meetings	Regularly	> Healthcare during pandemic	Holistic care package for infected employees
	> One on one meetings		> Fair remuneration	Salaries, increments and bonuses paid
	> Intranet	As needed	> Recognition and rewards	Performance management system and awards programmes
	> Grievance mechanisms		> Skill development	Total number of employees in the year 2021 at SLT was 6,590 and at Mobitel was 1,442.
	> One on one correspondence		> Career progression	
	> Performance appraisals	Annually	> Freedom of collective bargaining	24 active trade unions and harmonious industrial relations
	> Employee Events	Frequently	> A great place to work	Holistic approach to ensuring that SLT is a preferred employer

RESPONSIVE TO STAKEHOLDERS

Stakeholder	Engagement Mechanism	Frequency of Engagement	Stakeholder Concerns	Our Response	
 <p>INVESTORS</p> <p>Investors provide the necessary capital and expect a fair return on their investments</p>	> Quarterly results	Quarterly	> Sustained growth in earnings	Earnings growth	
	> Annual Report	Annual	> Dividends	Regular payment of dividends	
	> AGM		> Share price	Increase in share price	
	> CSE Disclosures	As needed	> Timely disclosure of price sensitive information	Quarterly results and other information disclosed via the CSE, website and media	
	> Media releases	Regularly	> Sound governance and risk management	Governance structures and risk management processes set in place	
	> Rating Reviews	Annual	> Organisation stability and resilience	Strong balance sheet and liquidity positions	
 <p>BUSINESS PARTNERS</p> <p>Business partners share our growth journey and facilitate delivery of value to customers</p>	> Dealer Satisfaction surveys	Quarterly	> Timely payment of dues	Timely payment of dues to vendors, dealers and other suppliers	
	> Vendor satisfaction surveys	Annually	> Fair business practices	Tender committee at Board level and strong processes and policies in place to ensure fair business dealings	
	> Communication of requirements	As needed	> Opportunities for growth	Regular feedback via Dealer and Vendor awareness and review sessions and post evaluation reviews	
	> Meetings				
	> E-Tenders and e-auctions				
	> Dealer reviews	Bi-monthly		Reward programmes for Vendors and Dealers	
	> Dealer awareness sessions	Monthly			
> Vendor review and awareness sessions	Annually				
 <p>GOVERNMENT & REGULATORS</p> <p>Operating in a regulated industry, the government is a key stakeholder for Sri Lanka Telecom Group. The Government is also the main shareholder of the Group and expects Sri Lanka Telecom Group to spearhead the country's progress to a digital knowledge-based economy</p>	> Meetings with TRCSL, Treasury, Ministry, ICTA, BOI, Inland Revenue and other government authorities	Regularly	> A partner for progress	Investments in national telecommunications infrastructure	
	> Annual Report	Annually		Key Partner in E-government initiatives	
	> Presentations	As required		Partner for developing country's technology sector	
				Creating direct and indirect employment	
				Connecting Sri Lanka to global opportunities	
				> Compliance with regulatory requirements and timely reporting	Processes in place to ensure compliance with regulatory requirements
				> Revenue collection	Timely remittance of taxes and levies collected
			> Timely payment of taxes		

Stakeholder	Engagement Mechanism	Frequency of Engagement	Stakeholder Concerns	Our Response
 <p>COMMUNITY Ensuring that we have a positive impact on the community and minimise potential negative impacts</p>	> Network of branches	Regular	> Responsible business practices	Focus on digital inclusion of all Sri Lankans Affordability of services and recognition of special need groups Islandwide presence and coverage Focused integration of ESG into business processes
	> Events and activations	Need based	> Mitigation of potentially harmful impacts	Assessment of carbon footprint and emission reduction activities
	> Social media	Regularly	> Engaging with and uplifting communities	Achievements of SLT Group Information about SLT Group products and services
	> Mass media	Regularly		

STRATEGY

Clear communication of strategy is necessary for alignment of a large and diverse organisation and a dedicated department coordinates the Group's strategic planning process. It

takes into consideration our value creation processes, feedback from stakeholder engagement activities, the opportunities and risks stemming from the prevailing operating

environment, material matters to the Group and the resources available. The Sri Lanka Telecom Group's strategy, achievements and plans are summarised below.



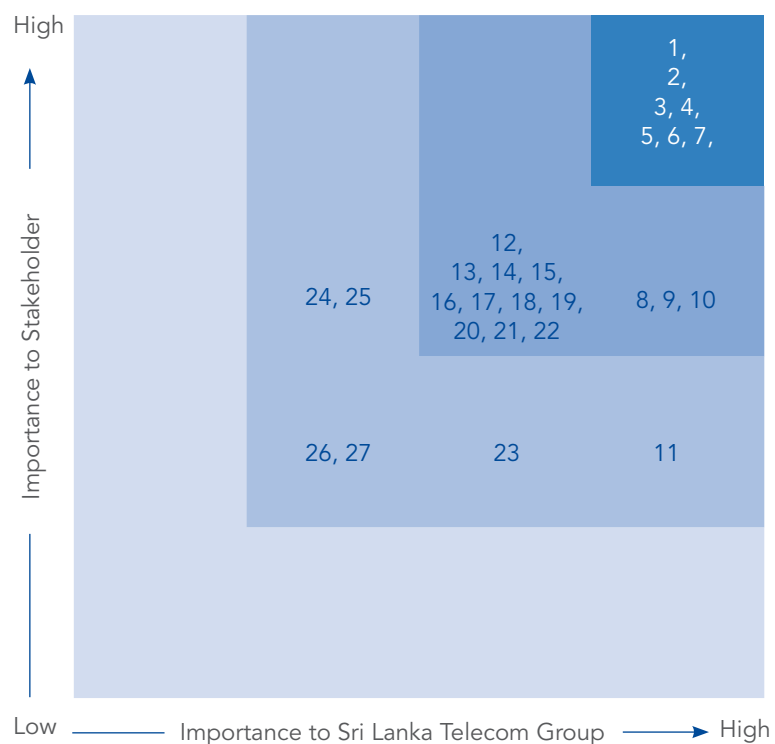
Strategy	Infrastructure Expansion	Consolidate Brand Unification	Enabling ICT Sector	An Empowered Team	Sustainable Growth	Market Leadership & Financial Resilience
Progress in 2021	<ul style="list-style-type: none"> > SEA-ME-WE 6 > Roll out of Fibre network > Roll out of 5G > Replacing 3G with 4G 	<ul style="list-style-type: none"> > Teleshops converted to unified brand > Media campaigns on unified brand > Cross sell to customers > One Face to Customer > Cost optimization 	<ul style="list-style-type: none"> > Multi-cloud services > The Embryo > Entrepreneurship Studio > Venture Capital Studio > Data farms 	<ul style="list-style-type: none"> > The Embryo – Intrapreneurship Studio > Smart Technician training per employee > Holistic care for employees during pandemic > Empowering employees through remote working options 	<ul style="list-style-type: none"> > Maintained Consumer affordability > Revenue growth of 12.3% > Total Asset growth of 8% > Growth of subscriber base > Launched initiatives to reduce emissions and minimise waste 	<ul style="list-style-type: none"> > Ranked among Top 10 Brands in Sri Lanka > Strengthened financial resilience with reduced debt > Strong cashflows supporting liquidity
Plans for 2022	<ul style="list-style-type: none"> > Rollout Fiber Network > Rollout 4G/ 5G network > Increase rural penetration through Gamata Sannivedanaya > Data Centre Expansions 	<ul style="list-style-type: none"> > Consolidated systems > Unified Campaigns > One face Omni channel experience 	<ul style="list-style-type: none"> > Carrier neutral data centres > Smart Platforms > Research & Development Initiatives 	<ul style="list-style-type: none"> > Increase average training hours per employee > Smart technician and Smart sales training > Leadership Training > Employee productivity enhancement 	<ul style="list-style-type: none"> > Mixed developments with collaborative partnerships > Renewable Energy > Reduce carbon footprint 	<ul style="list-style-type: none"> > Segmented Market Growth > Strengthen Financial Resilience

DETERMINING MATERIAL ISSUES

MATERIAL MATTERS

In determining the material matters, Sri Lanka Telecom Group considers various aspects of its operations that are critical to achieving its strategic goals and those that are identified as key concerns for stakeholders. The list of material matters for the 2021 are given below:

No.	Topic	Importance to SLT	Importance to Stakeholder
1	Financial and economic performance	Very High	Very High
2	Employment	Very High	Very High
3	Training and education	Very High	Very High
4	Customer privacy	Very High	Very High
5	Work and lifestyle changes	Very High	Very High
6	Purchasing power of consumers	Very High	Very High
7	Macroeconomic conditions	Very High	Very High
8	Financial resilience	Very High	High
9	Industry evolution in country	Very High	High
10	Energy	Very High	High
11	Indirect Economic Impacts	Very High	Medium
12	Procurement Practices	High	High
13	Anti-corruption	High	High
14	Anti-competitive behaviour	High	High
15	Emissions	High	High
16	Effluents and waste	High	High
17	Environmental compliance	High	High
18	Occupational health and safety	High	High
19	Freedom of association and collective bargaining	High	High
20	Socioeconomic compliance	High	High
21	Community Health and Safety	High	High
22	Technology evolution	High	High
23	Research and development	High	Medium
24	Diversity and equal opportunity	Medium	High
25	Biodiversity	Medium	High
26	Local community engagement	Medium	Medium
27	Marketing and labelling	Medium	Medium



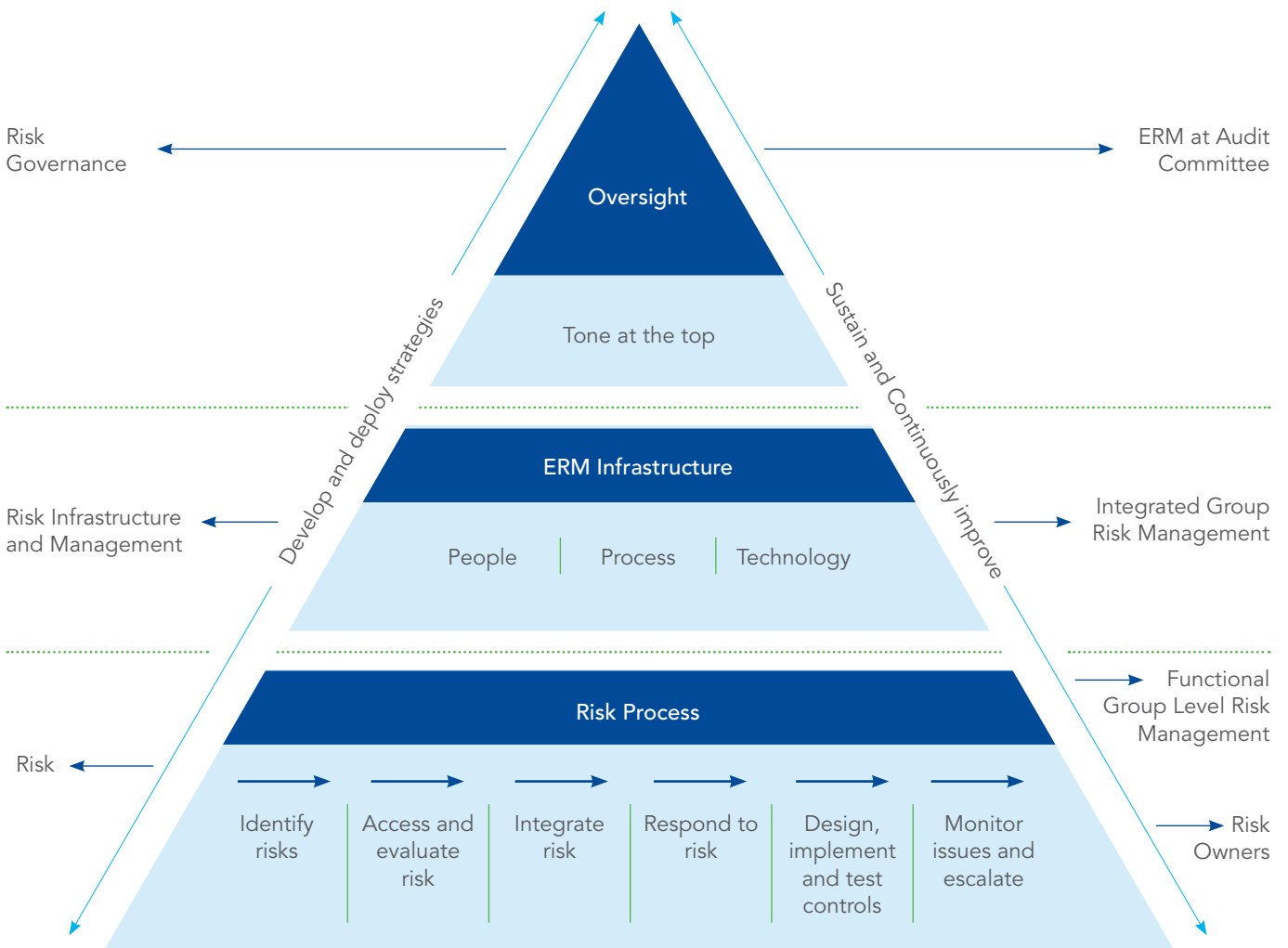
ENTERPRISE RISK MANAGEMENT

Risk management is fundamental to the Group’s ability to create sustainable value for stakeholders in the short, medium and long term and the Group has set in place a robust risk management structure and processes for management of enterprise risks. These processes also facilitate identification of opportunities for growth which is an integral part of the risk management process.

RISK GOVERNANCE

The Board bears ultimate responsibility for managing risk and allocating resources to mitigation of the same. The SLT Group has in place a well-established system of risk management which enables the Group to identify, measure, monitor and manage risks effectively. The year under review saw significant threats emerge which have been managed with increased alert levels throughout the Group, facilitating early identification and mitigation of potential risks.

Migration to digital platforms by individuals and entities continued during the year and businesses accelerated their digitalisation plans, enhancing capacity utilisation of digital infrastructure around the world.



AN UNCERTAIN RISK LANDSCAPE

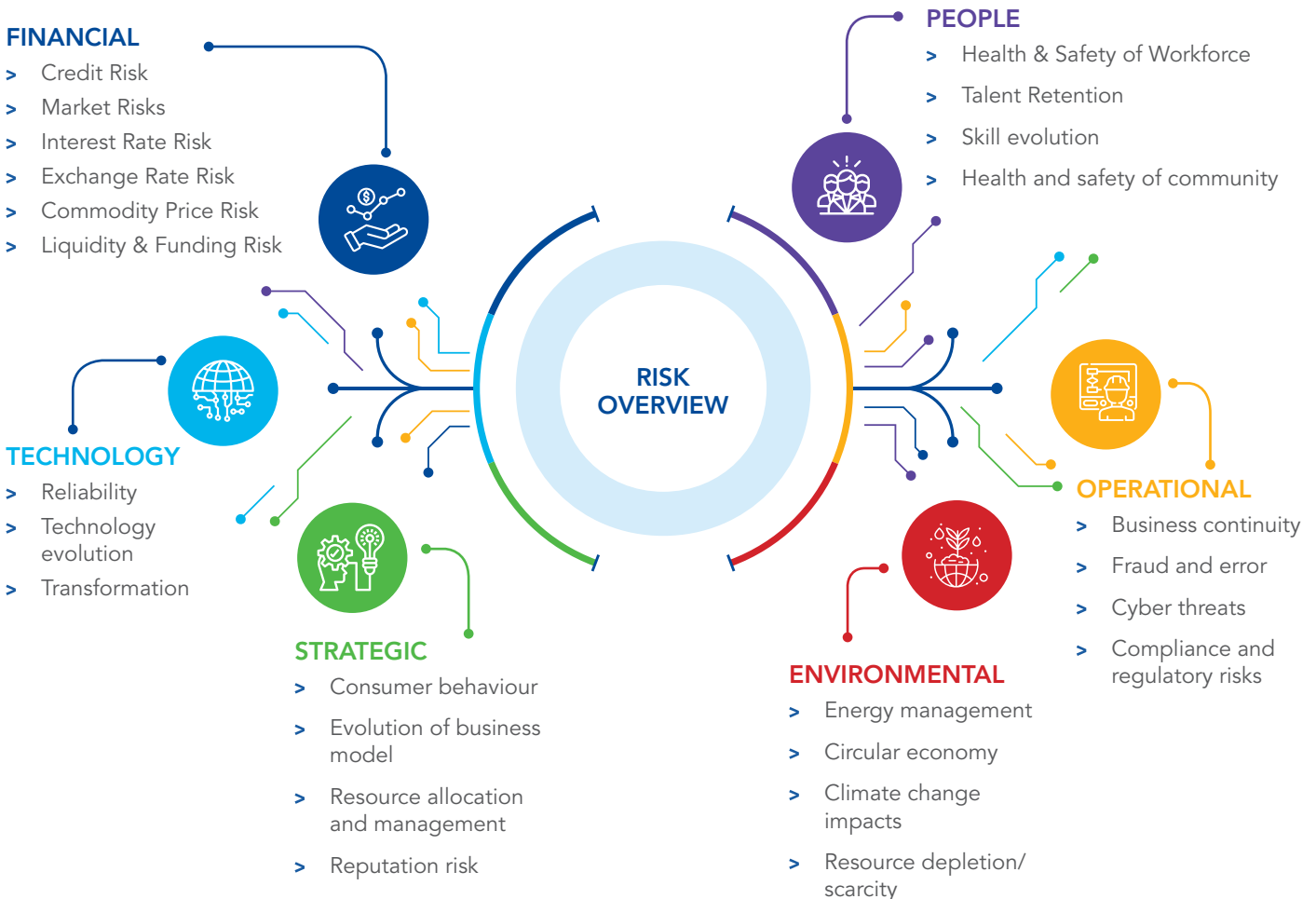
The prolonged duration of the pandemic posed significant threats exposing and amplifying the economic vulnerability of people, businesses and countries. Business disruption continued in 2021 with new variants and waves, heightening concerns for health and safety and business continuity. Vaccinations were rolled out albeit unevenly across countries and by early 2022, a number of countries were well into the booster dose. Predictions that the pandemic was nearing endemicity saw a return to physical work as employers were eager for employees to return to work as supply chain and logistics issues continued to hinder economic activity and growth. Inflation rose as commodity prices

increased in the first half of 2021 and supply demand stresses continued. Quantitative easing measures adopted by many governments with the onset of the pandemic gave way to tightening monetary policy resulting in upward movement of interest rates in the latter half of 2021. Migration to digital platforms by individuals and entities continued during the year and businesses accelerated their digitalisation plans, enhancing capacity utilisation of digital infrastructure around the world. Cybersecurity threats increased exponentially with hackers becoming more sophisticated giving rise to increased investments cybersecurity. By the 4th quarter of 2021 there was a convergence of risk factors in Sri Lanka, increasing its economic vulnerability and resulting in further

downgrades to its sovereign rating. Continuing woes in the Tourism sector and lower inward remittance coupled with large government debt repayments resulted in a foreign exchange liquidity crisis which has also led to an energy crisis and a sharp devaluation of the Sri Lankan rupee by end March 2022. The seeming convergence of risk factors has exacerbated the uncertainties for the year ahead with significant uncertainties in the socioeconomic landscape.

RISK OVERVIEW

The diagram below sets out the key categories of risks that are likely to present significant threats and opportunities to the Sri Lanka Telecom Group.



ENTERPRISE RISK MANAGEMENT

RISK SUMMARY

Risks	Mitigation & Opportunities	Assessment
FINANCIAL RISKS Financial resilience is key to growth and sustainability of the business and sustained earnings		
<ul style="list-style-type: none"> > Increasing interest rates > Potential deterioration in affordability of services and credit quality due to inflationary pressures and reduced disposable income > Elevated levels of exchange rate risk with sharp devaluation of the Sri Lankan rupee in March 2022 making investments expensive > Foreign exchange liquidity crisis with wide ranging import restrictions > Exchange rate risk makes investments in infrastructure more expensive > Commodity price risk and inflation is expected to increase operational costs 	<ul style="list-style-type: none"> > Risk rating affirmed at AA- (lka) with a stable outlook by Fitch Ratings Lanka Ltd., supports Group's ability to source capital > Prudent debt equity ratio of 66.1% provides sufficient headroom for increasing debt in case of need > Prudent debt management and strong cashflow generation mitigates potential impact of rising interest rates > Strong credit control supports liquidity > Enhancing digital payment channels for retail customers > Introducing several Financing options to reduce forex exposure > Potential opportunities for growth in payment channel offerings to customers > Headroom to increase tariffs as it is amongst the lowest in the world although this needs to be balanced with inflationary pressures > SLT Group dollar deposits provide a hedge against exchange rate fluctuations 	<p>High</p> <p>Despite increasing threat levels, the Group is financially resilient as evinced by its strong credit rating affirmed in January 2022. However, the impact on profitability can be high due to the escalation in operational costs. Therefore, the risk is assessed as High.</p>
PEOPLE RISKS Risks related to workforce, consumers, and community		
<ul style="list-style-type: none"> > Spread of pandemic within workforce and community > Health and safety of employees and consumers > Retaining skilled talent pools during economic crisis > Upskilling employees to adapt to changes in technology and digital transformation > Supporting employees migrate to new norms of working 	<ul style="list-style-type: none"> > Implemented stringent health and safety protocols to mitigate pandemic risks including remote working, minimising physical gatherings, provision of PPE, holistic care package for employees > Increasing investment in training and development aligning with digital transformation > Intrapreneurship opportunities for employees through The Embryo initiative 	<p>Mitigating actions implemented for People risks have been effective, supporting growth in employee and customer satisfaction. Despite this, the risk is assessed as High due to the strategic importance of the risk category.</p>

Risks	Mitigation & Opportunities	Assessment
TECHNOLOGY RISK		
The rapid evolution of technology in the telecommunications and allied fields, the surge in demand with the onset of the pandemic and opportunities for institutional transformation makes this category of risk critical to sustained earning growth.		
<ul style="list-style-type: none"> > Consumer demand for increasingly high bandwidth and speeds for evolving lifestyles > Surge in subscriber base and digital transaction volumes which may or may not be sustained in a post pandemic era > Affordability of new technologies in emerging and developing markets > Speed of technology evolution in increasing, making current technologies obsolete 	<ul style="list-style-type: none"> > Dedicated network planning function to assess short-, medium-, and long-term needs of the SLT Group > Accelerated investments to meet the surge in demand > Expansion and roll out of fibre and 5G networks > Investment in the 6th SEA-ME-WE cable, upgrading of the 4th and retirement of the 3rd cables. > Collaboration with ICTA, TRCSL and other influential technology associations to assess future requirements and planning investments 	As adoption of cutting-edge technology is critical to the Group's strategic goals, the risks are assessed as High .
OPERATIONAL RISKS		
As telecommunications is an essential service, maintaining continuous service in a safe and secure manner presents significant challenges which are classified as operational risks.		
<ul style="list-style-type: none"> > Business continuity amidst the pandemic and related lockdowns presented several challenges > Servicing customer requests and visiting homes presented challenges for field staff > Cyberthreats escalated during the year > Ensuring sufficient energy for network operations during energy crisis > Compliance with evolving regulatory requirements 	<ul style="list-style-type: none"> > Detailed business continuity plans prepared to manage the risks during pandemic > Strict health and safety protocols implemented to minimise threat of contagion > Ramped up investments in cyber security to identify and monitor potential threats to institution and customers > Increased rigour of oversight and review by internal audit > Processes are in place to facilitate regulatory compliance which is also a matter of internal audit review 	Assessed as Medium due to efficacy of mitigation activities

ENTERPRISE RISK MANAGEMENT

Risks	Mitigation & Opportunities	Assessment
STRATEGIC RISKS These risks have a significant impact in determining the effectiveness of strategy and achievement of goals.		
<ul style="list-style-type: none"> > Consumer behaviour patterns underwent a significant change during the pandemic and remain in a state of flux > The business model of the Group is evolving and a planned transformation from a telecommunications company to a technology company is taking shape and form > As resources are finite, it is critical to prioritise strategies and allocate sufficient resources to achieve successful outcomes > As the National Telecommunications service provider, our reputation is critical to maintaining reliable and credible relationships with our stakeholders 	<ul style="list-style-type: none"> > Data analytics undertaken to monitor consumer behaviour > Focus on Research and Development through the Embryo project > Regular stakeholder surveys > Prudent management of resources > Well established procurement and tender procedures with oversight by the Board > Brand surveys > Ratings > Clear communication of transformational goals and management of the process 	Threat is assessed as Medium due to effectiveness of mitigating activities
ENVIRONMENTAL RISKS Environmental risks are increasingly becoming apparent with depletion of non-renewable sources and resultant demand supply gaps		
<ul style="list-style-type: none"> > Energy management is key to managing emissions and impact on climate change > Rising costs of energy > Rising costs of non-renewable resources due to supply limitations > Increased awareness of potential for saving through reduce, reuse and recycling > Technology can be a catalyst for resource efficiency which can support operational cost management > Safeguarding networking from extreme weather events 	<ul style="list-style-type: none"> > Opportunities to enhance solar power generation reducing dependency on non-renewable sources of energy and reducing operational costs > Investments in solar power generation > Implementing several waste-to-cash initiatives > Responsible disposal of e-waste and recovery of materials that can be reused/recycled > Mee Tree planting campaign to fertilise soil and absorb CO2 emissions 	Assessed as Medium

No

Pursuit too

Formidable



Capital Reports

FINANCIAL CAPITAL

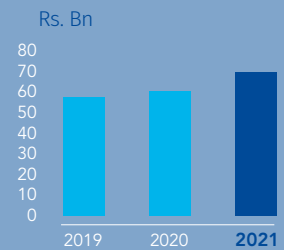
Sri Lanka Telecom recorded Profit After Tax growth of 54.3% to Rs.12.2 Bn for the year ending 31st December 2021 driven by broad based revenue growth of 12.3% and Groupwide cost minimisation initiatives. The financial position of the Group also strengthened during the year as Total Assets grew by 7.6% to Rs. 219.9 Bn and equity increased by 11.5% to Rs.94 Bn. The debt equity ratio improved from 78.1% to 66.1% as equity increased and borrowings were repaid. Liquidity was also strengthened with increased operating cashflows and improved cash and cash equivalent positions after funding capital expenditure of Rs.26 Bn. All this positions Sri Lanka Telecom Group for strong growth in the future as the National ICT Solutions Provider. This segment sets out how we nurtured our financial capital in 2021.



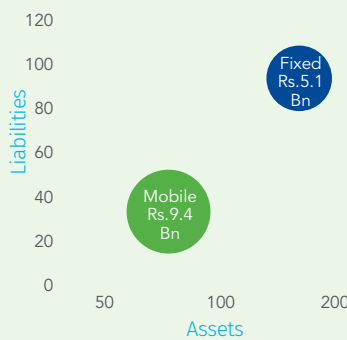
AA- (Ika)

Fitch Ratings affirmed Sri Lanka Telecom PLC's National Long Term rating at AA- (Ika) with a stable outlook in January 2022.

MARKET CAPITALISATION

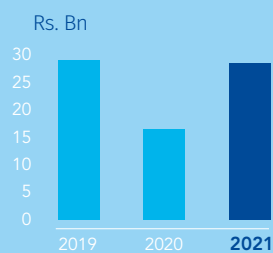


Segmental Analysis: Profit Before Tax
Rs. Bn

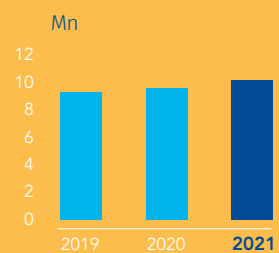


Sri Lanka Telecom is the leader in Fixed Telephony in the country and has the second largest market share in Mobile Telephony. Profitability of Mobile Operations increased by 53.5% to Rs.9.4 Bn supported by increased broadband revenues. Fixed Telephony profitability growth was also strong at 12% driven by revenue growth.

CAPITAL EXPENDITURE



SUBSCRIBERS



INCOME STATEMENT

Revenue

Group revenue increased by 12.3% to Rs.102.3 Bn in 2021 as online activity surged with continuing lockdowns and acceleration of digital infrastructure development by businesses. Consumer migration to digital platforms for transactions, learning and entertainment continued to gather momentum in 2021 as well. Intermittent lockdowns also necessitated working and learning online which supported increased usage of broadband. PEO TV also recorded healthy growth underpinned by surge in usage and new connections. Usage increased across all customer segments ranging from individuals to corporate and government entities. Demand for fixed voice services was stable in 2021 supported by increased connections in contrast to the declining trend observed in 2020.

Increased coverage through the Group's accelerated fibre expansion programme and the expansion of the 4G LTE network were major contributory factors for new connections. It is noteworthy that the revenue increase was achieved despite offering attractive pricing on learning and working tariff packages taking into consideration the need to ensure affordability and also that there were no tariff increases during the reporting year.

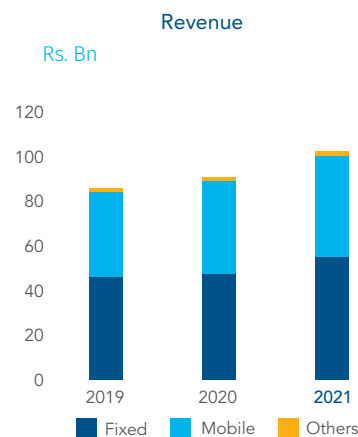
Revenue from Carrier Domestic business grew significantly during the year while the revenue from data products provided to Corporate and Government business segments too grew notably year-on-year.

Revenue from Fixed Telephony increased by 16% to Rs.59.8 Bn in 2021 accounting for 53.4% of Group Revenue. Mobile revenue increased by 8.7% to Rs.47.1 Bn accounting for 44.5% of Group Revenue.

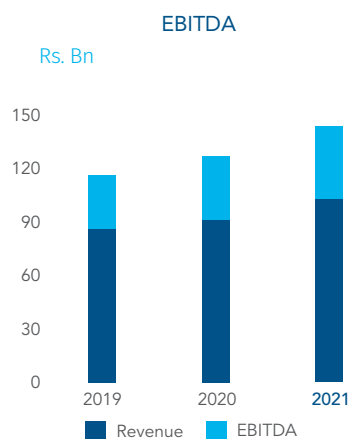
EBITDA

Group EBITDA increased by 16.1% to Rs. 41.2 Bn reinforced by revenue growth and improved operational efficiencies. The brand unification played a key role in driving synergies which enabled us to curtail marketing

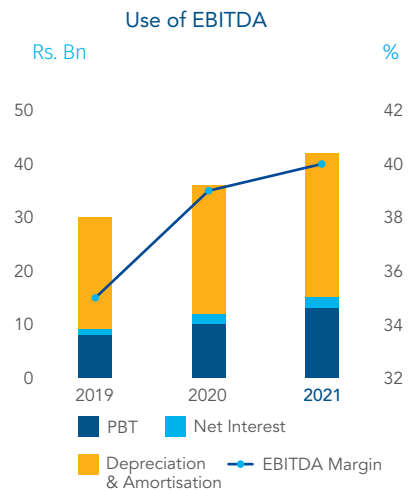
cost increase to 9.3%. Additionally, programmes such as waste to cash also drove savings as we recycled and repurposed used materials, integrating sustainable practices into our processes. These resulted in an improved EBITDA margin of 40.2% in 2021 compared to 38.9% in 2020 which was commendable as it was achieved without upward revisions in tariff structures.



- > New Connections ↑
- > Broadband Usage ↑
- > Fixed Voice ↑
- > No change in tariff rates

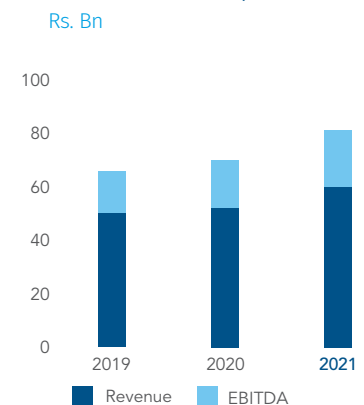


Fixed operations of the Group recorded an EBITDA of Rs. 21.4 Bn, up by 16.4%. The EBITDA margin grew from 35.7% in the year before to 35.9%. EBITDA of Mobile operations grew to Rs. 19.5 Bn, reflecting a 17.7% growth, pushing the EBITDA margin up to 41.3% from 38.2% in the year 2020.

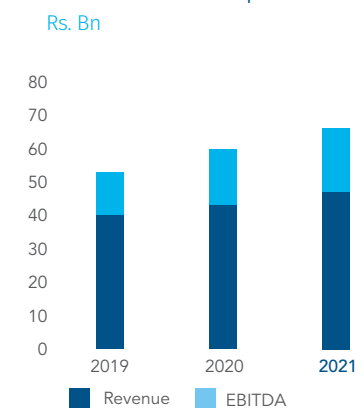


- > Increased revenue ↑
- > Operational efficiencies ↑
- > Depreciation ↑
- > Net Interest costs ↑

EBITDA Fixed Operations



EBITDA Mobile Operations



FINANCIAL CAPITAL

MANAGING COSTS

Cost rationalisation was a key area in 2021 as the Group needed to increase spending in Sales and Marketing to grow market share while depreciation was exerting pressure on costs as we continued to upgrade and expand our network. During the year, Administrative costs increased by 10.7% primarily stemming from the increased Depreciation & Amortisation costs by 14.7% and increased International Settlement cost by Rs. 1.4 Bn resulting from the increase of Transit revenue during the year. The overall cost increase of 11.3%, which was sufficiently below the revenue growth rate of 12.3%, together lifted the Operating Profit up by 19% and improved the Operating Profit margin to 13.5%.

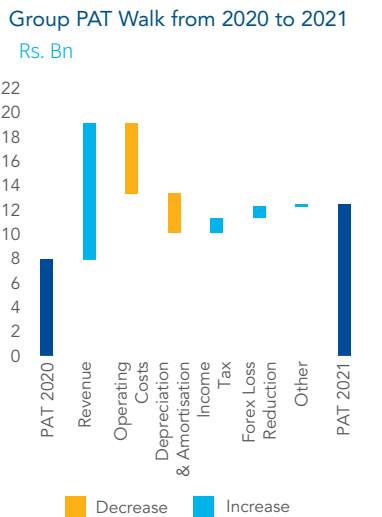
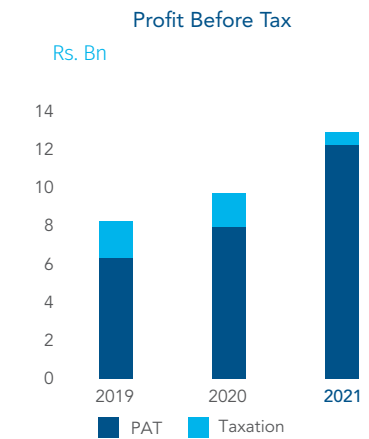
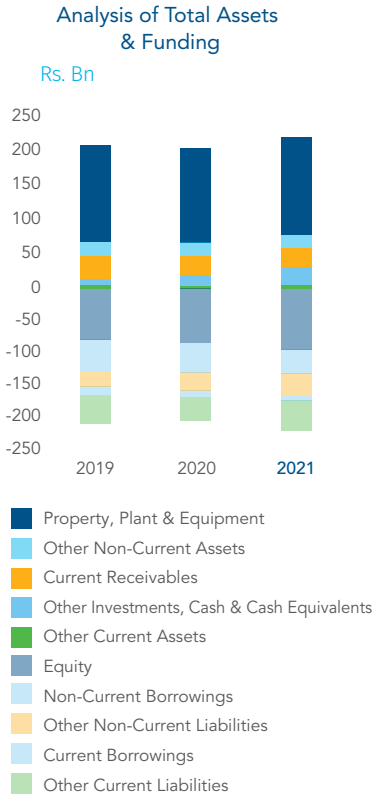
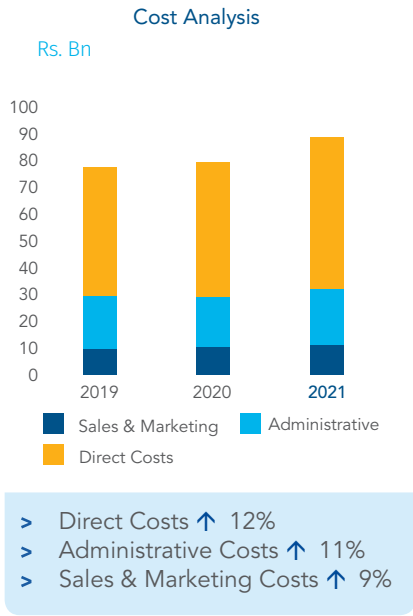
PROFIT BEFORE & AFTER TAX

Profit before tax (PBT) increased by 32% to Rs.12.8 Bn supported by increased revenue, improved cost management, increase in other income and reduced foreign exchange losses. Taxation also decreased during the year by 64.1% due to reduced tax rates which also provided a strong boost to profitability. Accordingly, profit after tax increased by 54.3% to Rs.12.2 Bn.

Profit after tax of Mobile operations recorded its highest profits in its 28 year history at Rs. 8.0 Bn. Fixed operations of the Group too recorded a remarkable growth in profit after tax to Rs. 5.9 Bn, up by 45.9%.

FINANCIAL POSITION

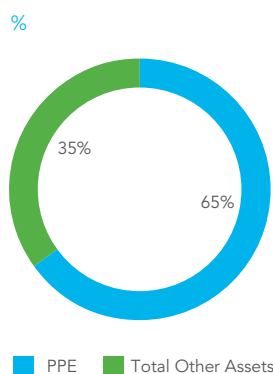
Sri Lanka Telecom strengthened its financial position through strategic investments to enhance revenue generation capability and prudent capital management to strengthen its financial resilience. The infographic below reflects the changes from 2020 to 2021.



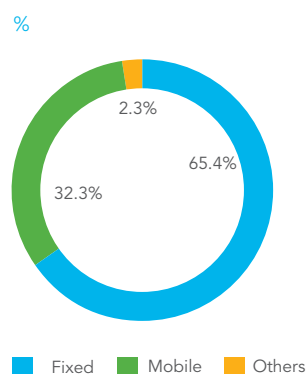
- > PBT ↑32%
- > Taxation ↓64%
- > PAT ↑54%

- > PPE ↑ 3% to Rs.141.9 Bn with capex of Rs. 28.5 Bn
- > Liquid Assets (Other Investments and Cash and Cash Equivalents) ↑ 69% to Rs.26.3 Bn
- > Total Assets ↑ 8% to Rs.219.9 Bn
- > Equity ↑ 12% to Rs.94 Bn
- > Total Borrowings ↓ 15% to Rs.46.6 Bn
- Vendor Financing ↑ 484% to Rs.6.3 Bn

PPE as a percent of Total Assets



Group Asset Base

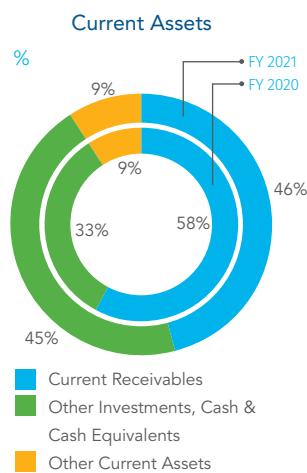


NON-CURRENT ASSETS

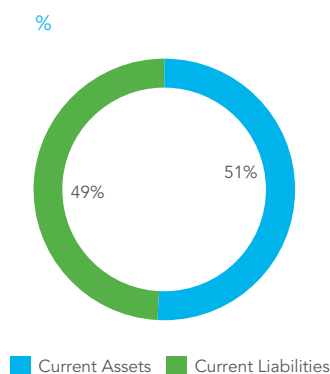
Property, Plant & Equipment (PPE) is the largest component of the Statement of Financial Position and accounted for 64.5% of Total Assets with a net book value of Rs.141.9 Bn. Capital expenditure for PPE during the year amounted to Rs. 28.5 Bn which was partly offset by the depreciation charge for 2021 of Rs.22.2 Bn. PPE and Right of Use Assets accounted for 92.7% of Non-Current Assets as at the reporting date.

CURRENT ASSETS

Trade & Other Receivables accounted for the largest component of Current Assets which was consciously managed and reduced from 57.9% in 2020 to 46.1% in 2021. The Group managed to maintain the Trade Receivables at the same level while also delivering revenue growth of 12.3% which would normally result in increased Trade Receivables. Effective collection techniques and exercise of credit control mechanisms were key contributors to management of Trade Receivables.



Current Assets to Current Liabilities

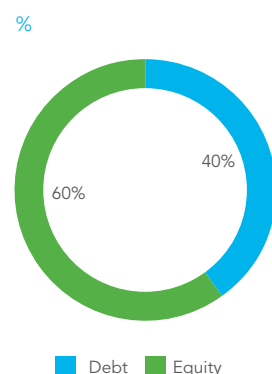


Other current assets amounted to 8.9% of the total which includes Rs.2.7 Bn as inventories and Rs.1.5 Bn as Assets classified as held for sale.

CAPITAL & FUNDING

Equity is the main source of funding and accounted for 42.7% of all funding sources amounting to Rs.94 Bn as at the close of the year. Borrowings were curtailed to 21.2% of total funding to strengthen the financial resilience of the Group. Vendor financing is a growing source of funding for the Group, increasing by a multiple of 4.8 to Rs.6.3 Bn. Supplier financing also increased by 19.8% to Rs.42.2 Bn, becoming an increasingly significant source of funding. Other current and non-current liabilities amounted to 14.1% of total funding and included Lease Liabilities of Rs.9.2 Bn, Deferred Tax Liabilities of Rs.5.6 Bn and Employee benefits of Rs.5 Bn amongst others.

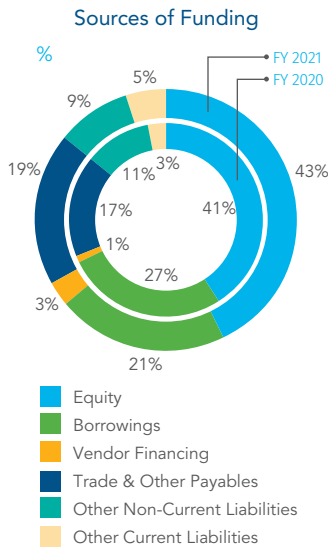
Capital Structure



The Group's liquidity position was strengthened significantly with short term investments and cash and cash equivalents amounting to Rs.26.3 Bn, an increase of 69.2% over 2020.

As depicted in the graph, the proportion of liquid assets increased from 33.2% to 45% in 2021 due to focused management of working capital and liquidity.

FINANCIAL CAPITAL



net cash used in financing activities recorded an outflow of Rs. 7.4 Bn for the year. The Group concluded the financial year with a favourable Cash and Cash Equivalents balance of Rs. 16.2 Bn compared to Rs. 10 Bn in the year before. The Group has sufficient liquid assets to meet its obligations and is poised for growth with enhanced value propositions for its stakeholders.

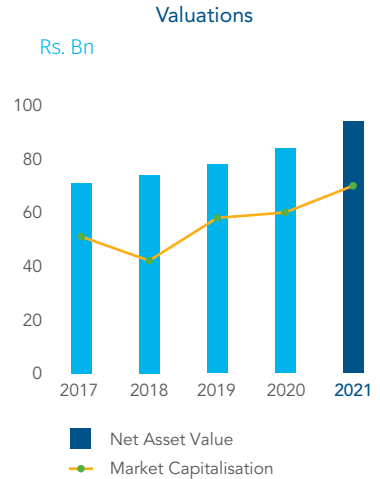
our growth with careful balancing of stakeholder interests. The infographic below provides a summary of the value delivered to our investors.

CASHFLOWS

Net Cashflows generated from operations increased by 35.1% to Rs.43.6 Bn and utilisation of the same reflects the Group’s commitment to Sri Lanka’s digital journey and prudent management of financial resources and exposures. The cash outflow on capital expenditure rose to Rs. 26 Bn in 2021 compared to Rs. 14.6 Bn in 2020 as there was a need to invest in new technologies, improve speed and enhance capacity to support the country’s increased dependency on telecommunications in every aspect of life. Primarily due to the higher settlement of borrowings compared to proceeds from fresh borrowings,

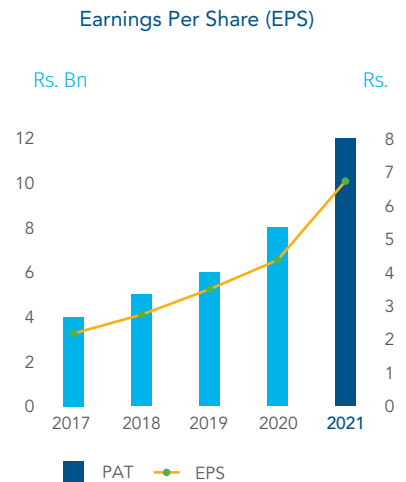
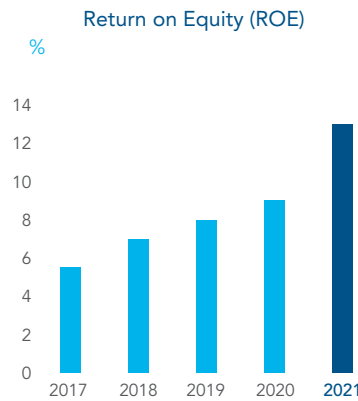
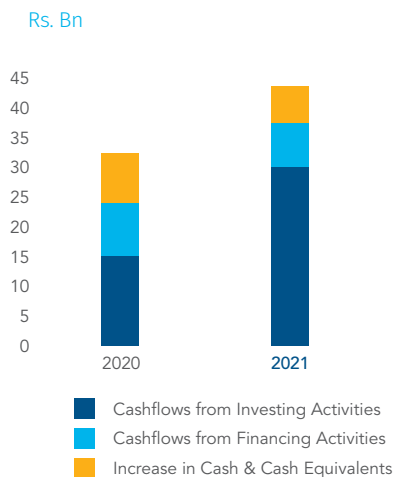
Value to Investors

Investors have received sustained earnings growth from the Sri Lanka Telecom Group supported by the strength of its unified brand, market position, continued investments in cutting edge technology and capacity enhancements. Strong governance and a socially and environmentally responsible mindset have supported



Returns	2020	2021
Market Capitalisation	Rs. 60.4 Bn	Rs. 70.0 Bn
Earnings Per Share (EPS)	Rs. 4.37	Rs. 6.73
Return on Equity (ROE)	9.4%	12.9%
Return on Assets (ROA)	3.9%	5.5%
Dividend Per Share (DPS)	Rs. 1.49	Rs. 2.02

Use of Net Cash Generated From Operating Activities



Overview

ROE ↑

37 %

ROA ↑

41 %

EPS ↑

54 %

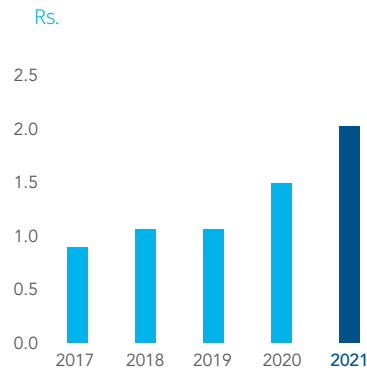
Market Capitalisation ↑

16 %

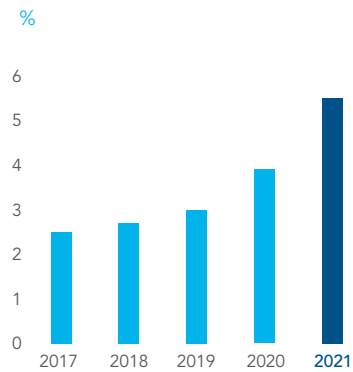
Net Asset Value ↑

12 %

Dividend Per Share (DPS)



Return on Assets (ROA)



Investors have received sustained earnings growth from the Sri Lanka Telecom Group supported by the strength of its unified brand, market position, continued investments in cutting edge technology and capacity enhancements.



SOCIAL AND RELATIONSHIP CAPITAL

At SLT, we are committed to nurturing long lasting relationships with our external stakeholders experiences. We actively engage with them to understand and address their needs with the state-of-art networks built by SLT over the years. The changes in lifestyles brought about by the necessity for social distancing increased the dependency on telephony and broadband, making us an indivisible part of many people’s lives. We also needed to step up to support many stakeholders during this stressful period and this is a summary of how we addressed our external stakeholders’ concerns.



telecom service providers, global carrier and SME and Micro business. Having understood the needs of our customers, we provide a range of telecommunication services targeted at these groups.

A STRONG CUSTOMER VALUE PROPOSITION

During the year, we have continued our efforts to improve the value provided to customers through a holistic proposition.

SLT is reputed for providing ultra-fast broadband services through the fibre network and is a catalyst for digital enablement in the country.

OUR CUSTOMERS

As the national telecommunications carrier, we have a wide customer base ranging from individuals to corporates, government entities other



1.7+ Mn

Fixed Subscriptions

8.4+ Mn

Mobile Subscriptions

Product and Service Offering

For Households

- > Fixed and Mobile voice Services
- > Internet services including data bundles for social media, entertainment and gaming.
- > Value added learning packages, study platforms and educational programmes such as e-Siphala and A/L Kuppiya.
- > Meeting packages which facilitate Teams, Zoom, Link and Webex.
- > PeoTV
- > Eazy storage
- > Smart Home solutions
- > Other value-added services including e-channeling, caller tunes and MTicketing.

For Enterprises

- > Fixed and Mobile voice
- > Networking
- > Internet Solutions
- > Data Centre
- > Cloud Services
- > Cyber Security
- > Managed services
- > Digital Solutions
- > Global Connectivity

For Other Service Providers

- > National backbone offerings
- > Global Connectivity
- > Internet Solutions
- > Data Center
- > Transit services

Global Carrier

- > International voice and Data Solutions
- > Transit Services

For the SME's

- > Voice and Collaboration
- > Networking and Internet
- > Data Hosting
- > Managed Services
- > Digital Solutions
- > e-commerce platform called "Cochchi"

For Micro Businesses

- > Voice and Collaboration
- > Broadband, TV and CCTV
- > Managed applications
- > Structured cabling and Power solutions
- > Financial offers

Accordingly, we offered special broadband packages, transitioning Sri Lankans into a digital era as we facilitated work from home, online education, connectivity to people via social media and entertainment.

We ensured that our customers had uninterrupted access to all of our services without degradation in quality despite the increase in demand during the year. SLT also provided enhanced data usage limits by providing free

data, encouraging people to stay safe at home. Easy payment methods and late payments were accommodated through multiple SLT platforms during the pandemic period.

Although we were restricted from carrying out large scale marketing campaigns during the year, we switched to alternate digital methods such as e-mail, e flyers and social media to communicate our products and services to the

market. There were no incidents of non-compliance concerning products and service information or marketing communications during the year.

For our longstanding customers we have the 'Customer for Life Programme' which allows us to manage the customer journey through timely communications with them. We educate the customer and communicate with them regularly on our services and offerings.

24x7 customer service operations

Free Data

Uninterrupted connectivity

Concessionary rates

Doorstep Services

CUSTOMER EXPERIENCE AND SERVICE MANAGEMENT

Excellence in customer service and experience remains a key value proposition to our customers as we constantly strive to enhance the customer convenience and provide the best service possible.

Customer Service

Our regional employees are empowered to address the reported faults while random quality checks are carried out to ensure the highest standards are maintained. We deployed a repair and reuse strategy which was very successful in overcoming the spare parts shortage during the year. Our staff operate even during natural disasters such as floods, landslides and thunderstorms with the necessary safety equipment in order to ensure an uninterrupted service to customers.

- > 90% fault clearance rate per day
- > Two member teams were replaced by one-member 'smart technicians' who are equipped with the right tools and safety equipment to carry out the work efficiently.

Customer Engagement Channels & Touchpoints

We continued to actively engage with and provide assistance to our customers across multiple channels.

Revamped the customer care centres in Panadura and Matara with state-of-the-art facilities and hope to do the same in Kandy in 2022.

Established teleshops and regional telecommunication offices in strategic locations across the island.

Maintaining an extensive dealer and reseller network, enabling customers to easily purchase recharge cards and register for broadband and LTE services.

24x7 Contact Centre providing voice, e-mail, social media and automated services including Interactive Voice Response and SMS services.

Launched the integrated My SLT mobile app and online web portal which allows the customer to easily monitor their usage of daily quota and request changes to the data limits and packages if necessary.

SOCIAL AND RELATIONSHIP CAPITAL

Customer Satisfaction

There is a structured mechanism in place to measure the customer satisfaction levels based on our response time, stability of service, affordability and the speed. This feedback helps us to improve customer experience and drive the organization forward.



Monitored the digital experience element through **Nelly**, an app which allowed our employees to understand the pressure points

Survey on random sample conducted for **4000 calls per month** to assess customer satisfaction

24x7 SLT Contact Centre

The contact centre, the main customer touch point of SLT provides customer service through various channels with the use of automation and agent assistance as inbound and outbound services. Mainly contact centre is equipped with voice, email, SMS and social media channels facilitating easy access to the customers

The level of automation in the contact centre reached 45% in 2021 that enable customers to access the contact centre via automated voice service as Interact Voice Response (IVR), 1212 SMS service and the chatbot service.

The agent assisted service is supported by around 300 agents equipped with updated knowledge and training which supports the accuracy and consistency of the responses.

The main services provided by the contact centre are product and service inquiries, purchase requests, product updates, billing inquiries and clarifications, directory information, e-channeling services and railway ticketing related inquiries.

The demand for the contact centre service heavily increased during the pandemic due to increased usage of broadband successfully managed by the hybrid nature of operation through automated channels and moreful the agent support at customers' preference.

80% of the calls were resolved by the contact centre directly as level 1 support to the matters raised by the customers.

Online onboarding

Following the pandemic-imposed restrictions, there was a need to introduce online onboarding of customers. We facilitated the process of allowing the customers to conveniently obtain our services including the payment and viewing of bills through our Mobile apps and online portal, eliminating the need to physically visit us. To facilitate convenient customer payments, we introduced automated payment kiosks at shops which had 24x7 access for customers to pay their bills

Brand Unification

The SLT-MOBITEL brand unification took place in 2021, was instrumental in achieving a powerful position in the industry landscape while accelerating the digital transformation internally, ensuring an elevated service to our customers. Analysing the market, numerous improvements were made in areas such as fixed and mobile voice services, broadband services, smart home solutions, automated bill payment facilities, home entertainment services, and CPEs through unified touchpoints, allowing SLT-MOBITEL customers to experience several industry firsts.

Established a centre of excellence to drive RPA. The workflows have been automated through the ERP/ CRM systems and operation support system.

Billing support transformation where information required for billing is aggregated and finished seamlessly.

Commenced an online charging system which will enable the introduction of prepaid systems in the future.

Completed the digitization of document-based information and incorporated these into workflows for the HR and supply chain management divisions. This was done as part of the digital transformation within SLT, and we are looking to expand this into the other division as well.

1212SMS Service
introduced in 2021E-mails responded
to within 15
minutesWritten complaints
responded to with
input from the relevant
departmentsGreen badge on
Facebook

The SLT contact centre contributes directly and indirectly towards revenue generation for the SLT Group through tele-sales for value added products, credit reminders to customers based on requests from the finance division and proactive customer engagement to promote package upgrades based on customer analytics.

DIGITAL INCLUSIVITY AND AFFORDABILITY

By expanding our connectivity and reach to the rural areas and making it affordable to all, we have contributed to creating a digitally inclusive Sri Lanka. The reliable service we provide through our telecommunication solutions, has contributed immensely towards the digital literacy drive within the country and towards creating an inclusive society with enhanced quality of life. We have enabled digital engagement for citizens through digital channels and applications.




25 Mn GB Free Loyalty data and **5** Mn GB Free promotional data during 2021



Wireless Coverage



Fibre network of
65,000 Km

running across the country in order to provide an enhanced broadband experience to the customers

OUR BUSINESS PARTNERS INCLUDING SUPPLIERS AND COLLABORATORS

We work closely with our business partners to find innovative solutions while creating greater synergies throughout the value chain. We have built a network of partnerships with local and international suppliers, business entities and service providers who are vital for our operating eco-system.

Multi-tenant project partnerships

SLT is the digital services provider for a number of residencies and apartments providing advanced

telecommunications services, ultra-fast broadband connectivity provided through Fibre technology and the next generation high-definition entertainment experience.

Few main projects include:

- > WelcomeHotels Lanka (Private) Ltd for Sapphire Residencies and ITC Colombo One Hotel
- > E. A. Macro Holdings for 606 The Address
- > Y D Construction (Private) Ltd for "Opal", "Garnet", "Onyx" and "Emerald" Residencies

- > Shangri La Hotels Lanka (Private) Ltd for One Galle Face Mall & One Galle Face Tower.

SME Solutions Partners

SLT signed partnership agreements with several SME solutions partners during the year to provide tailor made solutions to suit the needs of the SME's.

Our active SME Solutions Partners are mentioned below:

- > Hayleys Fentons Ltd.
- > Metropolitan Technologies (Pvt) Ltd
- > P. W. J Lanka Technology (Pvt) Ltd.

SOCIAL AND RELATIONSHIP CAPITAL

- > Advanced Network Technologies (Pvt) Ltd
- > Finco Technologies (Pvt) Ltd
- > SLT Digital Services (Pvt) Ltd
- > Sri Lanka Telecom (Services) Ltd
- > Softlogic Retail (Pvt) Ltd
- > Sala Enterprises
- > Bartleet Innovative Technologies (Pvt) Ltd
- > Vista Solutions (Pvt) Ltd
- > Smartcom Engineering (Pvt) Ltd
- > Secvision (Pvt) Limited
- > Ceylon Innovation Services (Pvt) Ltd

Dealers

We communicate with our dealers on a regular basis, to diversify our offerings and provide the necessary support.

Vendors

We maintain relationships with a number of vendors including Network Infrastructure Vendors, Customer Premises Equipment Vendors and Content Development Partners in conducting our business operations.

Partnerships

Partnerships with National institutes to facilitate growth of Micro and SME business segments and undertake initiatives relating to stakeholder engagement, professional and industry networks, market traction, solution modeling and joint offers.

- > The Institute of Chartered Accountants of Sri Lanka
- > National Chamber of Exporters of Sri Lanka
- > Small Enterprises Development Division
- > CAN Market
- > Hatton National Bank
- > SDB Bank
- > NDB Bank

STRATEGIC ALLIANCES, COLLABORATIONS AND JOINT VENTURES

SLT has built a sustainable eco-system of partnerships with local and international business entities and service providers. The relationships built with Government, Enterprise customers, and domestic operators have also been mutually beneficial and continue to contribute towards SLT's mission of innovating for the future.



Customer	Strategic Alliance
National Water Supply and Drainage Board	Relocated Call Centre of National Water Supply & Drainage Board was re-engineered alongside new communication technology and other innovative ideas.
Ceylon Electricity Board	SLT delivered the first large scale SDWAN network in Sri Lanka to connect 140 locations covering 4 regions of Ceylon Electricity Board.
Department of Motor Traffic	IVR and Web based appointment booking system for Department of Motor Traffic as a fully internally developed solution.
Cisco	Partnership with Cisco to develop SLT SD WAN with the aim of addressing the network transformation that is necessary for the facilitation of the digital enablement within the country.
Oracle	Oracle OPN partner to provide oracle licenses to enterprise customers along with Oracle PCA
Fortinet	Partnership with Fortinet to provide MSSP services to Enterprise and Government sector to address growing security demand
Hayley's Group	Retain existing SLT services for next 5 years and leverage latest solutions to Hayleys PLC and all the subsidiaries.
Hirdaramani Group	Agreement with the Hirdaramani Group to provide its first Software Defined Wide Area Network (SDWAN) service, enabling the Hirdaramani to revolutionize its network infrastructure.
LB Finance	LB finance Primary Data Center migration to Pitipana Tier 3 iDC
Hameedia	Hameedia has moved entire cloud hosting services to Akaza Mutli cloud services on top of Enterprise premium cloud running on top of Vmware platform and Oracle PCA . All Hameedia outlets stores and HO are connected via SLT VPN.
DSI	DSI ERP services were on boarded on top of Enterprise premium cloud running on top of Vmware platform and Oracle PCA . This enabled them to increase resource allocation to match computing resource demands.

35%

Local Procurement

Our Code of Ethics for Suppliers

covers the guiding principles related to labour practices and sustainable business operations that we expect our suppliers to comply with. This covers environmental criteria such as availability of EPL, environmental assessment etc., enabling SLT to increase awareness and encourage sustainable practices within the supply chain.

Supplier Training Programmes

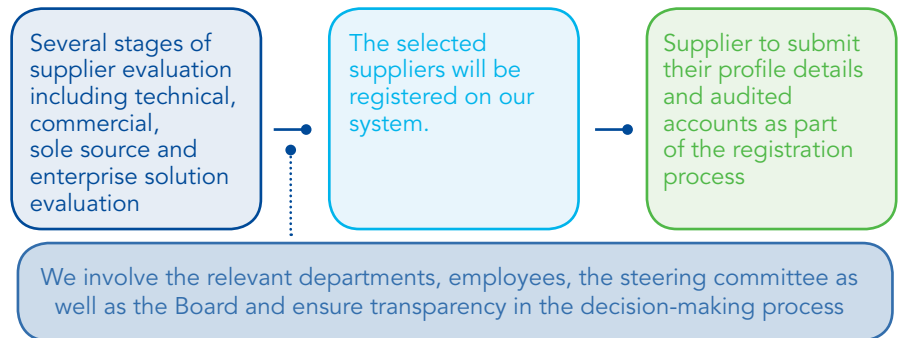
conducted on an ongoing basis through our training centres, to support the technical staff of our suppliers. This aids in ensuring the maintenance of the quality of the service provided by them



We understand the importance of maintaining a diverse and reliable supplier base to ensure product quality and timely delivery. Even amidst the global supply chain disruptions caused by the pandemic, we managed to procure the materials on time and ensure continued services to our customers by proactively altering our sourcing strategy. We made the decision to switch from long-term contracts to short term

contracts to avoid negative impacts caused by the fluctuations in the exchange rates. We also tried to increase the value addition to local suppliers by purchasing certain network equipment and applications locally where possible.

At SLT, we have a Board approved procurement policy which sets out the process to be adopted when screening and selecting new suppliers.



EXTERNAL ASSOCIATIONS

SLT is a member of the following associations, and our staff actively participate in their activities:

National Associations	International Associations
> National Broadband Committee	> SEA-ME-WE connectivity consortium
> National Chamber of Commerce	> IPv6 Execution Committee
> Ceylon Chamber of Commerce	> Global Internet Exchange Network
> Sri Lanka Association for quality and productivity	> International PoP Community
> Next Generation Network Committee	> Commonwealth Telecommunications Organisation (CTO)
> Government initiative of free Wi-Fi programme	> International Telecommunication Union (ITU)
> Online secondary school education (SchoolNet) programme	> Fibre-to-the-Home Community
> Online university education programme (LEARN)	> Carrier Ethernet Forum
> eGovernment programme	> Carrier Grade Wi-Fi Forum
> Sri Lanka Internet Society	> International Internet Society

SOCIAL AND RELATIONSHIP CAPITAL

COUNTRY AND COMMUNITY

As the national telecommunications solutions provider, SLT understands the catalytic role it plays in contributing towards the development of the economy and work closely with the Government and the regulator to drive economic and community development. SLT plays an enabling role by developing the infrastructure

and the tools necessary to carry the country forward into the digital future.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible entity, we aim to minimize the unfavourable impacts from our operations on the society, the environment and the country while uplifting the society's most vulnerable

segments. Our CSR agenda is driven from the top by the Board and Management and directly relevant to the UNSDG's. CSR is integrated into the corporate plan and inbuilt into every layer of the organization. During the year, our CSR activities also revolved around the brand unification strategy of the Group. Our employees volunteer for some of these activities.

4 QUALITY EDUCATION

Education

<div style="display: flex; align-items: center; justify-content: center;"> Hackathons </div>	<div style="display: flex; align-items: center; justify-content: center;"> Hithak Athnam Pothak Denna' </div>	<div style="display: flex; align-items: center; justify-content: center;"> Bus library for School </div>	<div style="display: flex; align-items: center; justify-content: center;"> Smart Classrooms </div>	<div style="display: flex; align-items: center; justify-content: center;"> Scholarships </div>
<p>We want to uplift the nation and create a tech driven economy by enriching young talent through platforms such as Hackathons. Students from schools and universities are encouraged to participate and are allowed to showcase their levels of passion and skill in the fields of science, technology, engineering, and mathematics.</p>	<p>Distribution of textbooks to students in rural areas having understood that every book has the potential to change a child's life. This initiative helps children explore, learn and broaden their knowledge and ultimately receive a better education and a brighter future.</p>	<p>Converted decommissioned SLTB buses into fully equipped libraries with Wi-Fi connectivity for schools, in partnership with the National Library of Sri Lanka, Sri Lanka Transport Board (SLTB) and Manusath Derana.</p>	<p>In line with the group's vision to bridge the digital divide, the Company continues to empower rural areas with supreme 4G LTE connectivity solutions whilst enabling rural schools to access latest technology through the concept of SMART classroom.</p>	<p>Partnered with National Library and Commonwealth Learning Canada to develop the unskilled workforce of the country in order to improve socioeconomic progress.</p>

3 BETTER HEALTH AND WELL-BEING

Healthcare

<div style="display: flex; align-items: center; justify-content: center;"> Suwaviru Upahara </div>	<div style="display: flex; align-items: center; justify-content: center;"> 'Sabandiyawe Sathkaraya' </div>
<p>A series of programmes supporting frontline healthcare workers with free mobile connectivity , Voice and data offer etc.</p>	<p>Contributing to national efforts to curtail the spread of Covid-19, the Company donated five Polymerase Chain Reaction (PCR) machines to different hospitals across the country. The total value of the donation made under the theme of 'Sabandiyawe Sathkaraya' was over Rs 26.7M.</p>



Nature



'Earth is calling, are you listening?'

Conducted online awareness programmes on environmental degradation and the preservation of threatened species with the aim of reaching out to the public to protect and conserve nature, encourage accountability towards environmental protection in daily actions and take decisions with the hope of building responsible behavior and increased enthusiasm to protect the environment.

Other Ongoing Initiatives



'Helaviru'- Uplifting the livelihood of the agricultural sector

SLT together with Epic Technology Group supports the operation of 'Helaviru', which is a cloud-based e-commerce platform initiated by the Government to facilitate trading of agricultural produce, farm produce and similar commodities among diverse stakeholders on a seamlessly connected supply chain. SLT facilitates to host the platform in its state-of-the-art SLT iDC ensuring reliability and security backed by professional support. This is a revolutionary platform which connects farmers and growers with transport and delivery service providers, fertilizer suppliers, plants and seed suppliers, agro-insurance providers, banks, and government institutes. In order to support this platform, SLT signed an MoU with People's Bank to provide Agri based digital loan schemes to the farmers who have been on-boarded onto the Helaviru platform. LAUGFS Holdings Limited and Softlogic Holdings PLC have come on board as strategic partners of the "Helaviru" initiative, to promote the platform among agriculture stakeholders and encourage diverse stakeholders to actively use the platform for mutual benefit.

1. We are jointly working with Mahaweli Authority through the TAMAP Program in the "Gama Smart" program which is initiated with the aim of digitally enabling the farming communities in the Mahaweli Zones.
2. "Helaviru" platform was short listed as one of the Ag-tech initiatives in Sri Lanka to work with Bill and Melinda Gates Foundation's Digital Agriculture Program. This Projects is initiated by ICTA with the aim of modernizing the Agriculture Sector of Sri Lanka



MANUFACTURED CAPITAL

Manufactured capital is fundamental to our ability to create value as a telecommunications and technology company and fulfil our role as the National Telecommunications Solutions Provider. Its monetary value is reflected in the property, plant and equipment which comprises our network (ducts, cables and other outside plant assets), transmission equipment, our branch network and other assets.



Overview

Capital Expenditure

Rs.28.5 Bn

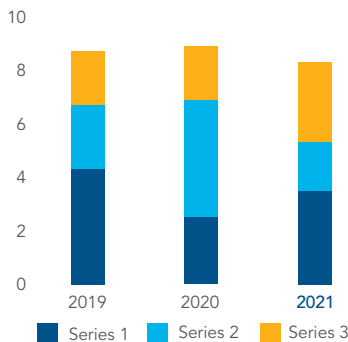
Transfers from Capital Work in Progress

Rs.29.3 Bn

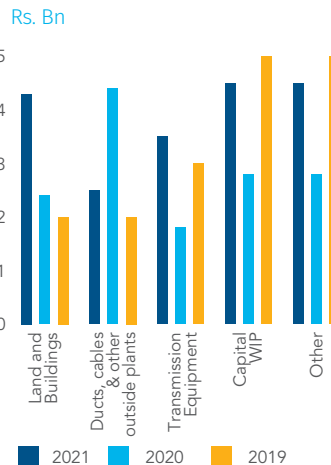
Depreciation Charge

Rs.22.2 Bn

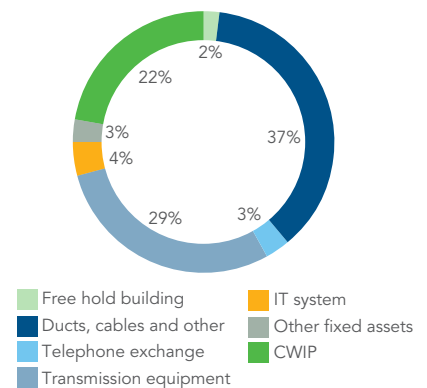
Sustained Investment in Growth
Rs. Mn



Investments in PPE



Property Plant and Equipment
%



COVERAGE

Nurturing Manufactured Capital

We continued to invest in growth of our physical infrastructure with investments of Rs.28.5 Bn in 2021 of which Rs.25.0 Bn remained in capital work in progress at the close of the year. This is typical of the investments undertaken by the Group as they tend to be long term in nature. We also operationalised assets amounting to Rs.29.3 Bn which were transferred out of capital work in progress outstanding at the beginning of the year which amounted to Rs.35.0 Bn. Capital work in progress at the year end amounted to Rs.30.7 Bn.

Key projects in hand at the close of the year include the following:

- > Implementation of the masterplan for SLT Operational HQ Complex at Welikada
- > SEA-ME-WE Cable No.6
- > Roll out of 5G network

MASTERPLAN FOR SLT OPERATIONAL HEADQUARTERS COMPLEX

Our plans for the future requires a state of the art facility that will be an ecosystem for transformative telecommunications and technological innovations that will take our country

forward to new era. It is a long term project expected to be completed by December 2026 comprising:

- > an Operational Headquarters Building
 - > Stage I to be completed by October 2022
 - > Stage II to be completed by August 2023
- > Cafeteria & Clubhouse – Scheduled for completion by July 2023
- > Proposed Recreational Area – For completion by December 2026
- > Proposed Quarters Building – For completion by December 2028



We anticipate significant challenges and visible enhancement of manufactured capital in 2022 due to the rupee devaluation, foreign currency liquidity, disruptions to energy supply. Challenges in the supply chain and inflation continue to exert pressure on project costs and availability of resources. However, our dedicated teams are taking proactive measures to anticipate challenges and secure necessary resources at competitive rates on a timely basis.

ESTIMATED PROJECT COST

Rs. 1.6 Bn

PROJECT ARCHITECT

M/s. ATS Consultants Pvt Ltd

SPECIAL FEATURES:

- > Qbus intelligent motion detectors – automated lighting control system
- > Interactive touch panels
- > Dedicated visitor lounge
- > High tech display units

The development plans are aligned with the Urban Development Authority plans to develop the Prison premises as IT park in Colombo. The Master Plan comprises a Commercial Building Complex. A mix development project with Apartments & sports complex, Recreation area, Restaurant & supermarkets etc. Planned as a greener and smarter epicentre for the evolution of technology in the country, all buildings will be smart buildings with state of Art Technology and high-end features. It will include features for minimising energy consumption, e-waste Management, Fire & security systems, reducing carbon emission and other ecofriendly features.

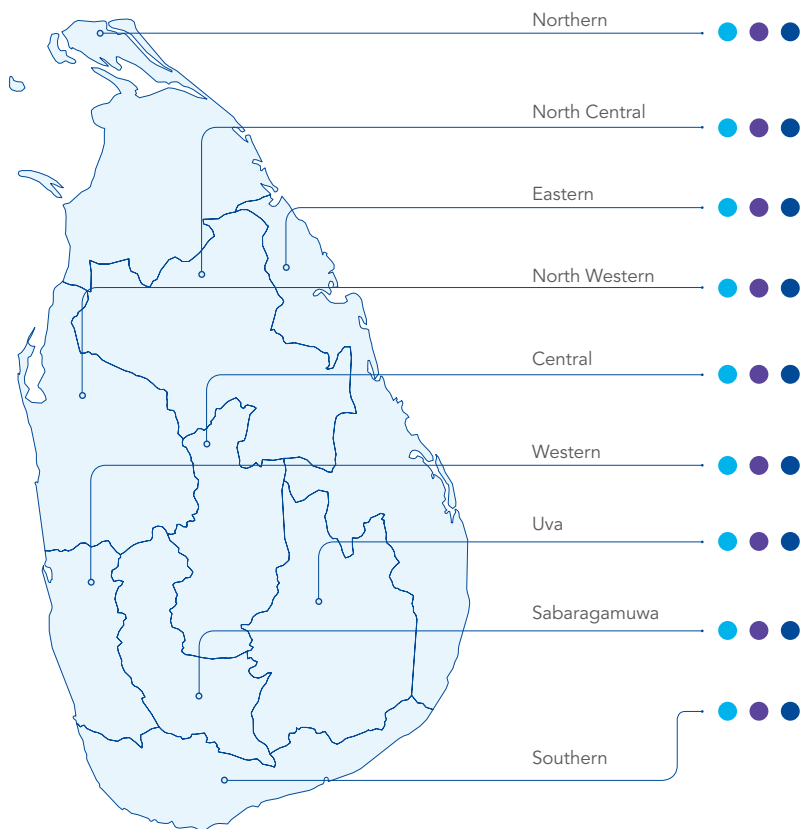
OUTLOOK

The Group plans on continued expansions of its manufactured capital to keep up with the evolving technology and the varying demand growths in line with the Groups Vision and strategic business plans. The following expansions have been planned for the coming financial year and the Group is confident of meeting these planned outcomes.

Work is in progress as per schedule on the proposed new headquarters complex and we expect Mobitel to move into its new premises in 2023.

MANUFACTURED CAPITAL

FIXED



SLT BRANCHES

31 Teleshops	14 Franchise shops	47 Regional Offices
------------------------	------------------------------	-------------------------------

42
Maintenance Centers



● Teleshops ● Outside Plant Maintenance Office
● Regional Telecom Office



MOBILE

MOBITEL BRANCHES

75
Dealer Touch points

13
Branch Network

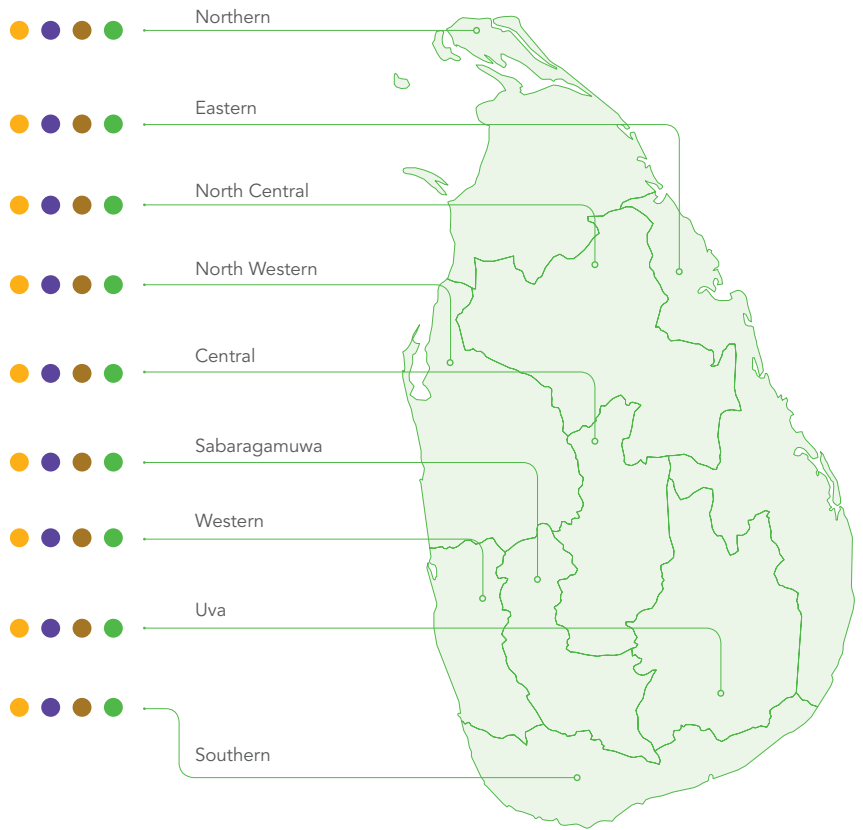
05
Mini Branches

49
SLT Touch points

17
Singer Mega Touch points



- Dealer
- Branch / Mini Branch
- SLT Touch Points
- Singer Mega Touch Points

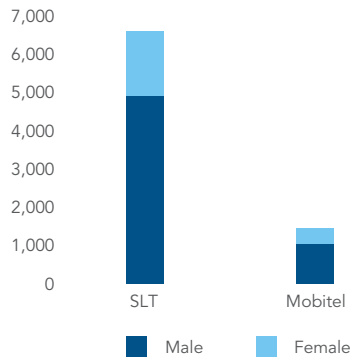


HUMAN CAPITAL

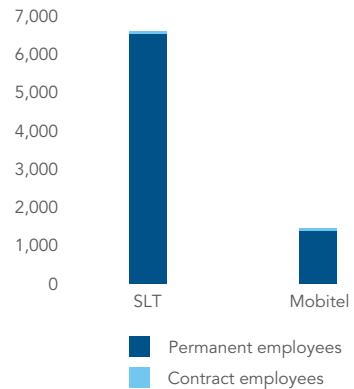
At SLT, we employ a group of over 8,000 people who are equipped with the right skills and mindset. Our team is a key source of competitive strength in driving the organization towards success. Having understood the pivotal role played by our employees, we offer an attractive value proposition to them which enables an engaged and committed workforce. During the year, the commitment of our employees ensured our ability to provide an uninterrupted service and helped us to expand the connectivity across the country. We remain steadfast in our commitment to building a resilient and motivated team in order to successfully deliver our strategy.

OUR EMPLOYEE PROFILE

Employees by Gender



Employees by Category



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

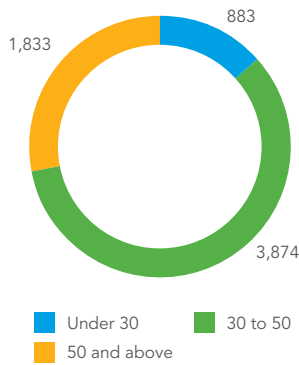


UNIQUE EMPLOYEE BENEFIT SCHEMES

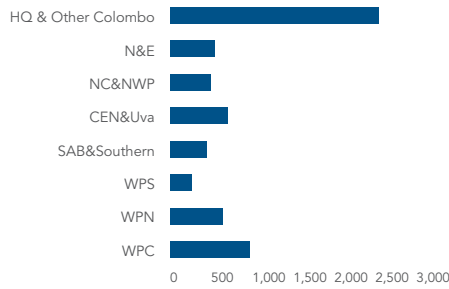


DIVERSE WORKFORCE OF PEOPLE

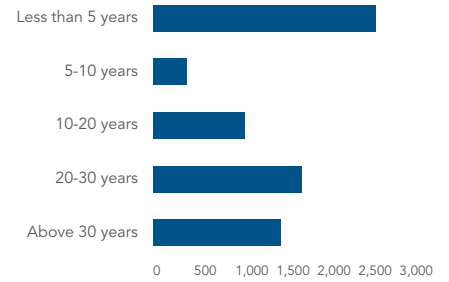
Employees by Age Group for SLT



Work Location Analysis for SLT



Tenure Analysis for SLT



Key Strategic Focus Areas

- Digitalization of operations and remote working arrangements
- Health and safety of our employees
- Upgrading the Performance Management Systems
- Talent Development

Relevant Policies

- > Policy on Telecommuting & Connected Workplace
- > Health & Safety Policy
- > Performance Management policy
- > Talent development policy

INVESTMENT IN EMPLOYEE TRAINING AND DEVELOPMENT

STRONG GOVERNANCE STRUCTURE

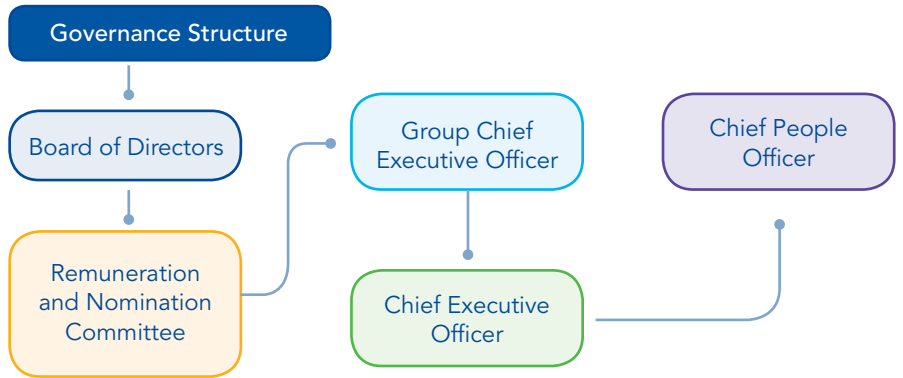
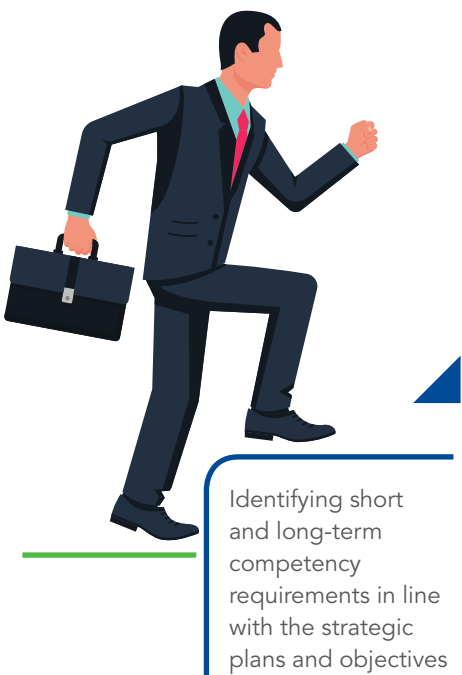
SAFE AND CONDUCTIVE WORK ENVIRONMENT

HUMAN CAPITAL

OUR MANAGEMENT APPROACH

Our Human Resource (HR) policies and procedures are compliant with the relevant Sri Lankan labour laws and regulatory standards and aligned to industry best practices. Robust policy frameworks are in place to ensure that an equitable and thriving environment is created for all our employees. We continuously review the HR reporting and governance structure that is in place and make necessary changes to ensure it is relevant and up to date.

Digital transformation is affecting the human resource management function at a rapid speed, allowing HR to become more data driven by presenting evidence-based insights to make accurate decisions.



The changes made during the year are mentioned below.

- > Rearrangement of the regional group structure to empower regional management to initiate internal staff deployments within regions. This will enhance the employee work-life balance, facilitate ease of working and enable the delivery of a strong customer service.
- > Cadre Review and new organizational design in line with span of control and line of authority benchmarked across SLT PLC.

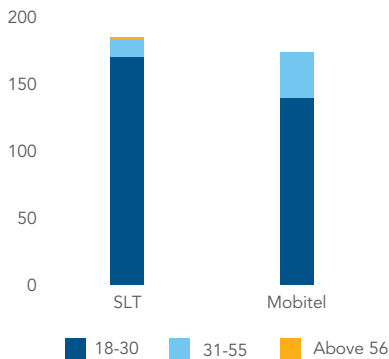
MOVEMENTS IN OUR TEAM

We have in place a structured talent sourcing and management strategy which set out the process for attracting, developing and retaining our employees. It is a holistic approach, which creates the right values and environment for staff to feel empowered and is a key factor for our success.

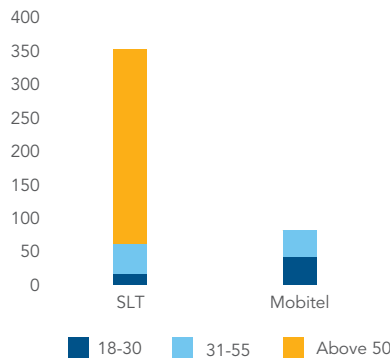
Our recruitment procedure is robust, involving an interview and several assessment processes to ensure the right individuals are directly absorbed into the organization on a permanent basis. As a leading digital services provider in Sri Lanka, in the next few years we are planning to incorporate virtual reality into the recruitment process to test certain skills of the candidates, which will give them an outstanding experience while also creating brand recognition for the organization. Despite the many challenges created by the pandemic, there was no downsizing of staff during the year. In 2021, we recruited a total of 185 employees at SLT, including the children of our employees as well as the immediate family members of demised employees. Our retention rate is over 98.75%, which is a strong testament to the strength of our value proposition to employees. 285 employees retired during the year while only 67 employees resigned. At Mobitel, we recruited a total of 174 employees during the year and we have a retention rate of 94.15%.



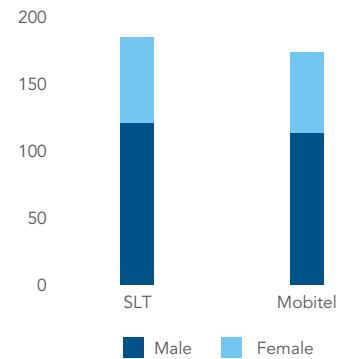
Recruitment by Age Group



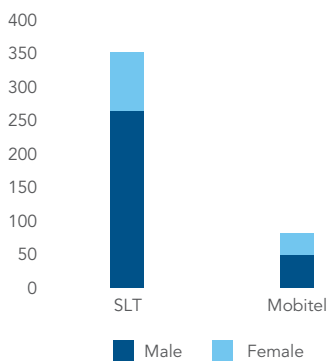
Turnover by Age Group



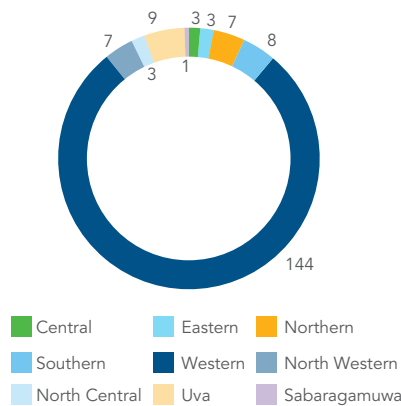
Recruitment by Gender



Turnover by Gender



Recruitment by Region for SLT



Reduction in paper usage
70-80%



HR STRATEGY AND KEY DEVELOPMENTS IN 2021

The Group’s HR strategy is aligned to the overall corporate strategy and during the year, the HR division refined its strategy to focus on four key areas in the upcoming years. During the year, the HR division carried out several key initiatives to nurture and create value for our employees who worked hard to overcome the challenges posed by the post COVID-19 environment.

A FLEXIBLE WORK ENVIRONMENT

Our staff have extensively engaged in many modes of remote working such as the Work from Home, Work from Pod and Home to Field modes since the start of the pandemic and this was continued during the year. This has allowed us to create a flexible work environment and continue operations unhindered while also ensuring employee safety and improving employee satisfaction. Considering

the fact that many global corporations have announced plans to embrace some form of remote working beyond the pandemic, we are also looking to make these modes of work a permanent fixture in the company’s range of work options. While the work from home guidelines have already been published, we are in the process of finalizing the Work from Home policy.

HUMAN CAPITAL

DIGITALIZATION OF HR OPERATIONS

In order to implement a digital workplace strategy, various HR Processes including recruitment, talent development and promotion were automated during the year, leading to reduction in the time spent on repetitive tasks as well as creating a green atmosphere within the HR Group. The planned implementation of Document Management System (DMS) via the ERP system will lead to a reduction of paper usage by 70%-80% within the HR Group. Digital transformation is affecting the human resource management function at a rapid speed, allowing HR to become more data driven by presenting evidence-based insights to make accurate decisions. The biggest challenge for the HR Group in this data driven culture will be finding the right balance between technology and the human role.

The latest advancements in machine learning and artificial intelligence are rapidly developing in the global scenario. We hope to integrate these developments into our HR processes in the next few years for the benefit of the organization as a whole.

EMPLOYEE HEALTH AND SAFETY

GRI: A1.1 / A1.2 / A1.3 / A1.4 / A1.5 / A1.6

As a responsible employer, ensuring the health and wellbeing of our people became a priority during the year. We fully adhere to the health and other statutory requirements and have implemented organization wide HR policies through the establishment of a COVID-19 management steering committee.

Having continued operations during the pandemic, we understood the impact of the pandemic on work, the workforce and workplace. HR became the centerpiece of guiding and managing the other functions in the adoption of organization wide safety measures to ensure the physical and psychological well-being of the entire workforce.

Ensured continuous supply of PPE including disposable masks, face shields, reusable gloves, thermometers, disinfectants and hand sanitizers among all sales and operational staff.

Management of organizational Business Continuity Program and initiatives across the organization to successfully face COVID 19 pandemic

Allocated a contingency fund to safeguard employees and their immediate family members, registered under the Company medical scheme

Set up a vigilant committee comprising of the management and the unions who meet every week to assess the situation and implement corrective action

Set up three intermediate quarantine centers in Poththude, Anuradhapura and Kataragama with a total capacity of approximately 60 beds

Facilitated hotel-based quarantine center for employees and their immediate family members

Facilitated a home based quarantine scheme for SLT staff

Arrangements were done to facilitate PCR testing and conduct the vaccination drive

Introduced comprehensive measures to reduce the risk of cross infection within the premises

Staff were provided with Company funded transportation in order to avoid public transportation



Facility	SLT		MOBITEL	
	No of patients	Total Cost (Rs. Mn)	No of patients	Total Cost (Rs. Mn)
The number of employees/ family members who have already received hotel accommodations	488	42.65	73	15.03
The number of employees/ family members who have already received the e-channeling facility	680	2.74	12	0.12
The number of employees/ family members who have already received the dry ration pack	591	5.91	109	1.49

REMUNERATION, RECOGNITION AND REWARDS

As part of our people experience, we provide an attractive and competitive remuneration for all our employees. In addition to the remuneration, we offer a range of other benefits and rewards including loans at concessionary rates, medical allowances and death donations. These are designed to retain employees and motivate them to perform better in order to help the organization achieve its overall strategic goals. During the year, longstanding salary anomalies were addressed through an equitable solution. The table above shows the benefits provided to employees and their families who were affected by COVID 19.

Performance Management

We have a performance-based culture where 100% of our employees undergo performance appraisals evaluated on predetermined key performance indicators during the year. Employees are recognized and rewarded through performance-based bonuses linked to the Performance Management System. During the year, individual performance management with peer evaluation system was also introduced to the final evaluation process. We have also aligned the rewarding mechanism with the organizational innovation framework.

Career Progression

We nurture a strong learning environment through succession planning and leadership development initiatives which helps our employees reach their full potential. Having understood the role of leaders in driving the growth of the people, last year, we completed a plan to ensure a strong leadership pipeline is maintained for the top level. Based on this plan, succession planning was implemented this year as well.

Opportunities for promotions are available to employees if they meet the defined criteria in the SLT Staff Recruitment and Promotion Scheme (SRPS) based on their professional qualifications, performance, and experience. Candidates are selected for promotions through written

examinations and/or interviews. During the year initiatives were taken to redesign the SRPS based on current industry standards. This will strengthen employee skills and create a skill-based path for career advancement.

TRAINING AND DEVELOPMENT

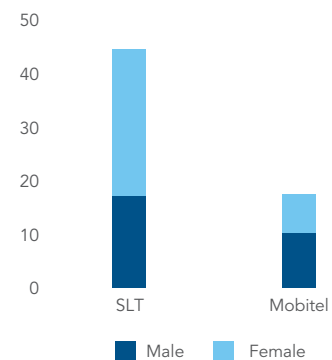
Enhancing the knowledge and capabilities of our workforce is a key value proposition offered by the Group. We assess the knowledge gap of employees and fulfill the training requirements accordingly. Training and development opportunities are offered through formal and on the job training with regular feedback provided via the appraisal system. During the year, with the digitalization of operations and increased remote working arrangements, there was a need to provide training to improve IT capabilities, network connectivity and cyber security knowledge of the employees as well.

SLT Talent Development Division

The SLT Talent Development Division which constitutes our training delivery arm has three fully fledged Talent Development Centers (TDC) which are ISO 9001:2015 certified. Although these centres were initiated for the development of the human capital of the company, we have expanded our capacity through affiliations with reputed bodies, to generate revenue for SLT. TDC has proven its strength in the higher education sector of the country by opening doors to the public to pursue technician certificates and Higher National Diplomas. In

collaboration with the University of Hertfordshire – UK, TDC offers a Bachelor of Engineering (BEng) Degree program as well. Even with the numerous challenges created by the COVID-19 pandemic, SLTDC has been able to generate Rs. 88 Mn as revenue for SLT in 2021.

Average Hours of Training by Gender



Average Hours of Training by Employee Category

SLT	
Senior Management	12
Middle Management / Executive	35
Non-Executive	18
MOBITEL	
Senior Management	25.1
Middle Management	25.1
Executive	10.7
Non-Executive	1.6

*The employee level classification is different at SLT and MOBITEL



HUMAN CAPITAL

SMART TECHNICIAN PROGRAMME

This is a systematic program where the skill level of all the technicians will be assessed and necessary trainings will be provided to bridge the identified gaps. In 2021, 629 technicians were assessed and 149 technicians qualified to the level of SMART technician.



NVQ 4 TELECOMMUNICATION TECHNICIAN PROGRAMME

SLT Moratuwa Training Center is the only training center in Sri Lanka which can conduct NVQ4 Telecommunication Technician assessments. In 2021, 160 technicians of SLT obtained this qualification



NVQ LEVEL 4 CALL CENTRE PROFESSIONAL PROGRAMME

SLT TDC is the only educational institute in Sri Lanka which can deliver the NVQ Level 4 Call Centre Professional program



SUPERVISORY SKILL DEVELOPMENT PROGRAM

This is a 5-day programme for line managers in partnership with the Chartered Institute of Personnel Management (CIPM). During the year, 120 line managers participated in this programme with the objective of developing their supervisory skills



PROFESSIONAL MASTERS IN BUSINESS ANALYTICS AND BUSINESS TRANSFORMATION COURSE

11 senior staff members have been given the opportunity to follow this course conducted by the Asian Institute of Technology (AIT) Thailand, with the objective of developing their capabilities in Digital Transformation and Leadership Development.



NVQ 6 PROGRAMME

In 2021, the SLT training centre in Welisara became the first Sri Lankan education institute to obtain the equivalent to a National Vocational Qualification-Level 6 (Electronic technology) status for its Pearson BTEC level 5 Higher National Diploma (Electrical and electronic engineering) from the Tertiary and Vocational Education Commission (TVEC)



EMPLOYEE ENGAGEMENT

GRI: A1.1 / A1.2 / A1.3 / A1.4 / A1.5 / A1.6

We are committed to creating a strong bond with our employees by engaging with them through multiple channels. We strive to create an environment where the employee feels valued and respected. Regular staff and team meetings ensure that constant dialogue is maintained with the employees. During the year, we held some of the welfare activities while ensuring the health and safety of our employees.


- 01 Vigilant committees
- 02 Meetings with management
- 03 Interactive seminar sessions
- 04 Online training

Employee concerns and grievances are identified and addressed by the grievance handling committee, through an effective and systematic mechanism that has been put into place by the organization. All kinds of employee grievances are correctly addressed to create a conducive work environment. The formal whistleblowing policy in place ensures that employees can safely report any acts of malpractices or misconduct and raise their concerns in a safe manner.

Relationships with trade unions

87.3% of the organization's employees are represented through 24 trade unions and covered by collective bargaining process. We maintained cordial relationships with the trade unions and there were no instances of disruption to work on industrial disputes during the period under review. Having understood the importance of this stakeholder group, we have adopted an open-door policy and an inclusive approach with them and have built a strong mutually beneficial relationship over the years, which has helped us to improve working conditions, enable better decision making through collective bargaining as well as promoting equality and harmony within the Group. There is a dedicated section in the HR Group to attend to the trade union concerns as quickly as possible.

We support the right to exercise freedom of association and collective bargaining by:



Providing office room and infrastructure for trade union offices so that the trade union officials and members can enjoy the freedom of association at work place

Implementing effective mechanisms to settle pending court cases, inquiries against SLT PLC while coordinating with relevant stakeholders amicably

Granting special leave and work releases for employees who attend trade union meetings with management

Granting one day duty leave for employees attending Annual General Meetings

Sponsorships for CSR activities organized by trade unions

Arranging training programs for trade unions to enhance their knowledge on the importance of continuous dialogue and the role of the trade union during the pandemic

Facilitating Check-off facility

Considering the fact that many global corporations have announced plans to embrace some form of remote working beyond the pandemic, we are also looking to make these modes of work a permanent fixture in the Company's range of work options.



Parental Leave	SLT		MOBITEL	
	2021	2020	2021	2020
Employees that took maternity leave	67	63	25	20

Diverse workplace and Gender Parity

We pride ourselves in being an equal opportunity employer nurturing a diverse and inclusive culture within the organization. We have employees with varying skills, perspectives and social and religious backgrounds who blend together to provide an excellent level of service. Our policies and procedures promote equality of opportunity regardless of gender, age, race or religion and we do not discriminate employees based on any grounds. There were no incidents of discrimination reported during the year.

Gender diversity is a key area of focus through all levels of the Company, and we are committed to creating an enabling environment for women working within the company. We have 26% females within our team despite being in the tech industry where traditionally women are under represented. During the year, all pregnant women were allowed to work from home to ensure their safety. We provide maternity leave as per the stipulated regulations.

NATURAL CAPITAL

SLT relies on natural resources such as energy, water and an extensive land bank in its value creation process, while impacting the environment through the generation of solid waste and carbon emissions. As a responsible corporate citizen, the Group is driving concerted efforts to optimise the use of its natural resources while mitigating the adverse outputs of its operations.

Energy consumption

SLT
77,650,726 kWh

MOBITEL
79,644,000 kWh

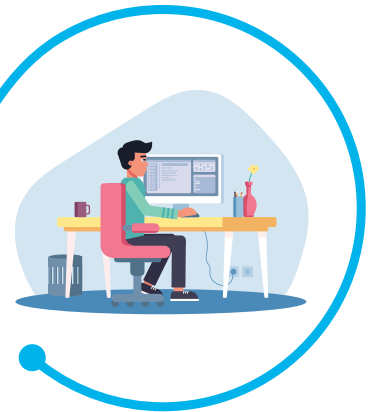
Waste generated and recycled



Carbon footprint



Inputs



Outputs

Land Bank

Portfolio of over

500


ands with an extent of over


120 hectares




GRI: A1.1 / A1.2 / A1.3 / A1.4 / A1.5 / A1.6

Key Strategic Focus Areas

 Reducing energy consumption and enhancing efficiency

 Responsible waste management through re-use and recycling

 Preservation of ecosystems through awareness, collaborations and integrated all nature related activities

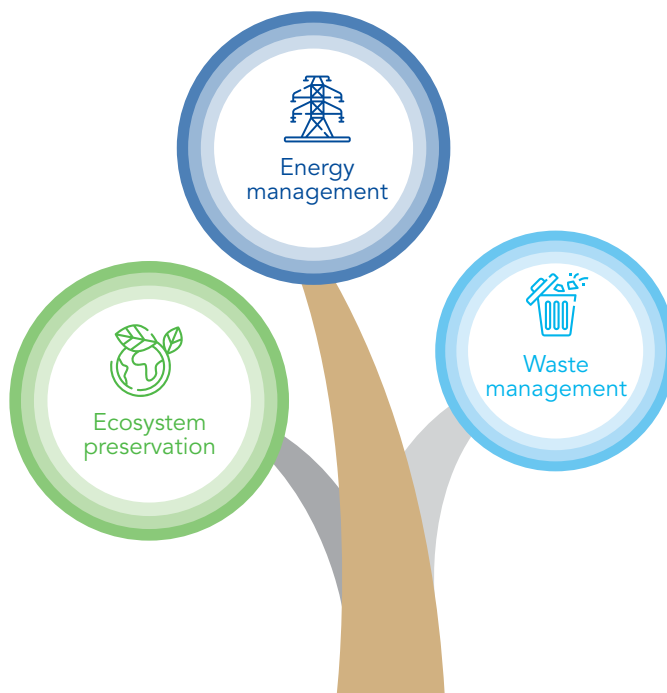


Relevant Policies/Standards

- > 14064-1: 2018 Certification for Greenhouse Gas (GHG) emission assessment
- > Energy management policy
- > Power Policy



consciousness across the organisation. SLT has also obtained the ISO 14064-1: 2018 Certification for Greenhouse Gas (GHG) emission assessment and is the first telecommunications operator in the country to do so.



MANAGEMENT APPROACH

SLT is committed to reducing the environmental footprint of its operations and contributing towards a greener planet through strategic environmental initiatives. Our approach centres on the three main pillars of energy management, waste management and ecosystem preservation. An Energy Management Committee has been appointed to provide oversight on all energy related activities supported by cross functional Energy Ambassadors to nurture a culture of energy

ENERGY MANAGEMENT

Nearly 98.5% of SLT's energy requirements are fulfilled through the national grid, with the balance generated through solar power. In line with its carbon neutral aspirations, SLT has continued to drive concerted efforts towards reducing energy consumption through the use of energy efficient equipment, lighting and cooling solutions. Meanwhile, the new headquarters features a range of energy efficient design elements including natural lighting and green concepts. Key energy saving initiatives launched during the year include the following:

NATURAL CAPITAL

JOURNEY TO CARBON NEUTRALITY

We are cognisant of the escalating implications of climate change and are determined to do our part in reducing our carbon footprint. SLT commenced its carbon reduction journey in 2018, with clear plans to achieve carbon neutrality by 2030. As an initial step, the SLT obtained the ISO 14064-1: 2018 certification for Greenhouse gases emissions assessment in 2018 and being assessing carbon emission in year 2019 &2020.

Assessment of carbon footprint and obtain ISO certification on Greenhouse gases assessment

PHASE 1

- > Energy management policy formulation and implementation
- > Roll-out small-scale projects to reduce carbon emissions

PHASE 2

Generation of renewable energy and reduce dependence on fossil fuel-based energy sources

PHASE 3

- > Introduction of e-payment solutions, replacing manual payments of over 6,674 electricity bills across the island
- > Replacement of 130 conventional low efficiency air conditioners, with high-efficiency inverter type air conditioners with a total capacity of 325 TR
- > Replacement of 2500 low efficiency/faulty bulbs with higher efficient LED lighting solutions across the country
- > Improvements in Tier 1 Network Room

In 2021, total energy consumption amounted to 77,650,726 kWh except Self Generation owned by SLT Generators. Diesel consumption for generators is 157,385 litres.

Reducing customers' carbon footprint: Our ability to facilitate remote working, education, entertainment and engagement, enables customers to reduce their carbon footprint, through minimising of travelling.

WASTE MANAGEMENT

The most significant waste generated from the Group's operations comprise electronic waste, which includes used equipment, cables, wires etc. We have continued to practice responsible

waste disposal while striving to minimise waste generation.

Land bank

The Group has an extensive island-wide land bank of over 120 hectares across 500 lands, which includes several prime properties in Colombo. The land bank represents a valuable natural resource, which the Group intends to monetise over the short-to-medium term through strategic partnerships with international investors and local corporate entities.

Way forward

Over the short-to-medium term, the Group will place strategic focus on achieving its carbon reduction aspirations. This will be driven through

exploring avenues for renewable energy and through implementing stringent procedures for evaluating the energy efficiency of new equipment. We will also continue to drive our reforestation efforts through the tree planting initiative while leveraging our brand presence to raise stakeholder awareness of this initiative.

PAPER	Promote the 3R principle- Reduce, Reuse and Recycle paper across all operational sites
USED COPPER CABLES	Recover old copper cables and send them to Government-approved third party recyclers
CUSTOMER PREMISES EQUIPMENT	Establishing state-of-art repair centers island wide , to repair and reuse CPEs.

INTELLECTUAL CAPITAL

Our Intellectual capital comprises licenses, software, the brand, tacit knowledge, systems, processes and protocols. As we transform from a telecommunications company to a technology company, managing these capitals becomes even more important as these resources will play a critical role in defining our competitive advantage.

OPERATING LICENSES

Sri Lanka Telecom Group operates in an increasingly regulated sector and requires licenses issued by the Telecommunications Regulatory Commission of Sri Lanka to operate its core services. The licenses obtained are listed above. While its monetary value is reflected in the financial statements at Rs.5.1 Bn, it is the bedrock of our operations and its intrinsic value is worth much more than that to the Sri Lanka Telecom Group.

A UNIFIED BRAND

The power of the unified brand was reflected in the 2021 rankings of the Sri Lankan brands by Brands Finance Sri Lanka as the new SLT-MOBITEL brand vaulted into the Top 10 Sri Lankan brand's with an estimated brand value of Rs.22.3 Bn. Importantly, Brand Finance has also assigned a AAA brand strength rating reflecting the ability of the brand to consolidated even during a time of crisis.

LICENSES HELD BY SLT GROUP AND SUBSIDIARIES

- > Fixed Operator License
- > Mobile Operator License
- > International Telecommunication Operator License
- > Direct to Home Satellite Broadcasting Operators License



VALUE OF OPERATING LICENSES

Rs.5.1 Bn

THE POWER OF A UNIFIED BRAND

Ranked as one of the Top 10 brands in the country in 2021, the unified brand is valued at Rs.22.3 Bn by Brand Finance Sri Lanka

AN EVOLVING PRODUCT PORTFOLIO

A future forward product portfolio that is relevant across all customer segments covering fixed, mobile, internet, broadband, storage, applications and cloud services.

A UNIQUE CORPORATE CULTURE

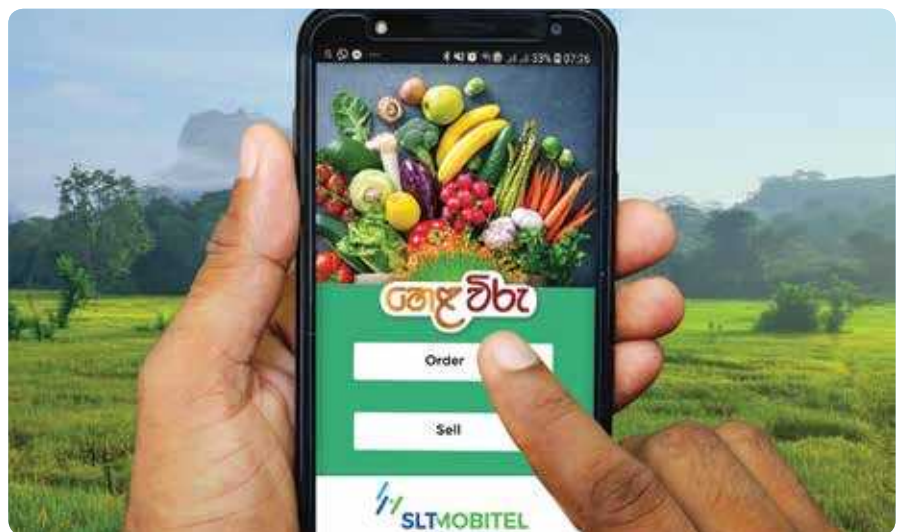
A culture that ensured availability of critical communication services during the pandemic ensuring that people were connected to their families, friends, workplaces and learning institutions during lockdowns is a critical part of our intellectual capital

INNOVATION CAPABILITIES

As the leading national Telecommunications solutions provider, we continue to innovate pushing the boundaries of possibilities for our consumers and businesses.

RESEARCH & DEVELOPMENT

Sri Lanka Telecom Group enters into a strategic partnership for research and development in technology enhancement.



INTELLECTUAL CAPITAL




INNOVATION CAPABILITY

Our capacity to innovate and launch future forward products propels our success. The new products and solutions launched during 2021 strengthen our intellectual capital and are summarized below.

UNIQUE CORPORATE CULTURE

The Sri Lanka Telecom Group has a unique corporate culture that is future forward in delivery of technology yet grounded by human values. This culture passed through successive generations of employees ensured that everyone employee played

their role in delivering uninterrupted services during the two years of the pandemic. Civic minded and committed, employees worked throughout lockdowns, taking the necessary risks to visit homes and resolve issues. Principles of diversity, inclusivity and equality are embedded

 <p>CONSUMER</p> <ul style="list-style-type: none"> > eSport platform and Gaming bundles > YouTube and Messenger data bundles > Unlimited broadband packages > MySLT app 	 <p>SME</p> <ul style="list-style-type: none"> > VoBox > Lynked > Check In > Cloud POS > Biztunes > eSiphala > Kaspersky End Point Security 	 <p>ENTERPRISE</p> <ul style="list-style-type: none"> > SDWAN > Ez Messenger > Assure Stack Service > ConneXt > IP interconnection link > Fleet MGT > Robotic Process -Automation > IP Transit Service (Local) > IP Transit Service (Global) > SSL Certificate Service > IP IX product
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into our DNA and is part of our rich heritage. Loyalty is another key feature and employees take pride in being part of a nationally recognised brand. This was affirmed when a fourth-generation employee joined the team and 17 new recruits were children of employees. The Group has also been able to attract the top talent in the country for its technical roles which has had a pervasive effect in creating a tech savvy vibe in the Group. Continuous investments in cutting edge technology has ensured that our team is future focused to fulfil our role as a catalyst supporting Sri Lanka’s digital journey.

FOCUS ON RESEARCH & DEVELOPMENT

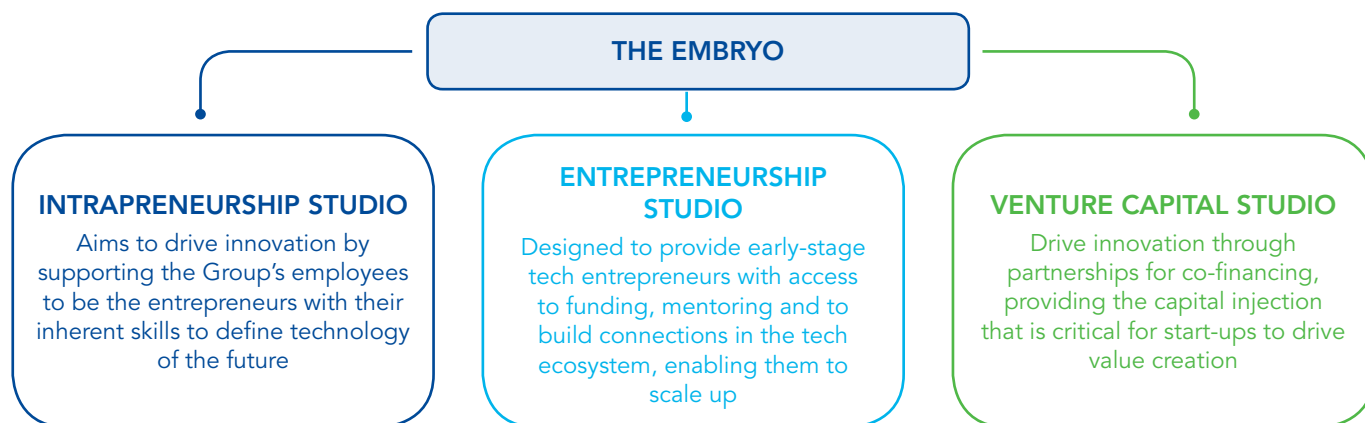
Sri Lanka Telecom Group established a pioneering Group R&D initiative ‘The Embryo’ driving multiple innovation pipelines in building cutting edge

digital solutions for Sri Lanka. The initiative leverages the knowledge and skills within the SLT Group and relationships with Academia, Industry, Integrators and Entrepreneurs to take Sri Lanka into the 5th Industrial revolution. ‘The Embryo’ initiative will be driven through three main pillars; the Intrapreneurship Studio, the Entrepreneurship Studio and the Venture Capital Studio. It is envisaged that it will be a launching pad for breakthrough collaborative innovations in a range of verticals spanning health, education, environment, agriculture, tourism, finance, etc., utilising of state of art technologies such as 4G, 5G, GPON, Cloud Computing, Open RAN, Intent Driven Network, IoT, Open Source Applications, Blockchain, Analytics including AI / ML / DL, Hyper Automation (RPA / DPA), Open Digital Architecture (API, Micro services, Zero

touch Networking) and Developer Platforms.

The initiative creates a platform for the next generation of innovators to tap into the wealth of knowledge and skills of the Group, establishing a strong partnership that fosters the growth of innovative digital products and services.

Sri Lanka Telecom PLC was awarded as one of the Most Admired Companies in Sri Lanka during the year 2020/21 which has in turn enhanced employer branding.



Both the Intrapreneurship and Entrepreneurship Studios have commenced and demo day of the Entrepreneurship Studio 2021/2022 cohort was completed selected start-ups are being onboarded by high-calibre experienced resources,

participating in workshops and boot camp sessions.

‘The Embryo’ has also undertaken to use technological innovations to address pressing social challenges affecting the nation. Through the ‘The

Elephant Decoder Hackathon’, ‘The Embryo’ aims to address the growing human-elephant conflict by seeking disruptive and practical solutions to help curb this recurring issue.

CERTIFICATIONS

SLT has obtained and continues to comply with a range of certifications, which have strengthened its internal processes and provide assurance to stakeholders on its systems and standards. Key certifications include the following:

> ISO 9001:2015, Quality Management System (QMS)

> ISO 27001:2013, Information Security Management System (ISMS) : for all operational platforms

> ISO 22301:2012, Business Continuity Management System (BCMS) : for critical functions covering all operational platforms

> ISO 18295:2017 Mobitel Customer Contact Centres were awarded with ISO 18295:2017 Certificate



INTELLECTUAL CAPITAL

AWARDS

SLT



1. **UiPath Automation Excellence Awards 2021**
 Jury Recognition -in the category "Automation Excellence – Sri Lanka"
2. **Best Corporate Citizen Sustainability Award 2021'**
 - > Winner - Top 10 Corporate Citizens
 - > Winner - sector award for "other" category
 - > 2nd runner-up - 'Demonstrated Resilient Practices for COVID-19 Context'
3. **ARC international awards 2021**
 - > Gold award - 'Interactive Annual Report' / Telecommunications
 - > Silver award - 'Financial Data' / Telecommunications
 - > Honours - Integrated AR & CSR - Non-Traditional Format/ Specialized Annual Reports
4. **Best presented Annual Report Awards, Integrated Reporting award and SAARC Anniversary award for Corporate Governance Disclosures 2020**
 Winner - Communication & Information Technology
5. **CA Sri Lanka Annual Report Awards 2021**
 Gold award - Telecommunication Sector
6. **Most Admired Companies of Sri Lanka 2021**
 Top 5 Honourable Mentions
7. **National Business Excellence awards 2021**
 Runner-up - Infrastructure and Utilities category

MOBITEL



1. **ACEF Awards**
 - > Gold award -for the campaign name 'Mobitel Rewards'- Event and Promotion category
 - > Gold award -for the campaign name 'SLT-Mobitel Corporate' - Television category
 - > Bronze award- for the campaign name 'Unlimited Roaming'- Event and Promotion category
2. **Ookla Speedtest Award 2021**
 Sri Lanka's Fastest Mobile Network, for the year 2021
3. **SLIM Brand Excellence – 2021**
 Bronze Award -Service Brand of the year 2020
4. **Digis Awards 2021**
 Bronze award - Light up Sri Lanka Wesak Campaign

No
Trust too
Great



Financial Statements

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to present their report and the Audited Financial Statements of the Company, Sri Lanka Telecom PLC and the Group for the financial year 2021.

FORMATION

Sri Lanka Telecom ("SLT") was formed by an Incorporation Order made under Section 2 of the State Industrial Corporations Act No. 49 of 1957 and published in the Extraordinary Gazette No. 596/11 of 6 February 1990. Subsequently, in terms of an order made by the Minister of Posts and Telecommunications ("the Minister") on 24 July 1991 under Section 23 of the Sri Lanka Telecommunications Act No. 25 of 1991 and published in the Gazette No. 675 of 9 August 1991 all properties, rights and liabilities (other than those excluded by the agreement entered into between the Minister and SLT as per sub-section 2 of Section 23 of the Sri Lanka Telecommunication Act) to which the Department of Telecommunications ("DoT") was entitled or subject to immediately before the transfer date of 1 September 1991 were vested with SLT.

SLT was converted to a public limited Company on 25 September 1996, under the Conversion of Public Corporations of Government Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987, vide Extraordinary Gazette No. 942/7 dated 25 September 1996 and the shares were listed in the Colombo Stock Exchange ("CSE") in January 2003.

SLT was re-registered under the Companies Act No. 07 of 2007 as Sri Lanka Telecom PLC on 4 June 2007.

PRINCIPAL GROUP ACTIVITIES AND REVIEW OF THE BUSINESS

The Group provides a broad portfolio of telecommunication services across Sri Lanka, the main activity being domestic and international fixed and mobile telephone services. In addition, the range of services provided by the Group include, inter-alia, internet services, IPTV, Wireless broadband, data services, domestic and international leased circuits, frame relay, satellite uplink and maritime transmission.

The Company's interest in subsidiaries/joint ventures and their business activities are as follows:

Name of the subsidiary/ Associate Company	Business activity
Mobitel (Pvt) Ltd.	Mobile telephone services
e-Channeling PLC	Information infrastructure for the healthcare industry
Mobit Technologies (Pvt) Ltd.	Software solutions provider
Sri Lanka Telecom (Services) Ltd.	Total network solutions
SLT VisionCom (Pvt) Ltd.	IPTV support services
SLT Digital Info Services (Pvt) Ltd.	Directory information, event management & activation and digital services
SLT Property Management (Pvt) Ltd	Management of SLT's real estate resources
SLT Human Capital Solutions (Pvt) Ltd.	Operations have ceased
Talentfort (Pvt) Ltd.	Human resource solutions
Sky Network (Pvt) Ltd.	Operations ceased and the Company has commenced the process of liquidation
Galle Submarine Cable Depot (Pvt) Ltd	Repair and maintenance of submarine telecommunication cable systems to third parties.

A detailed review of the Company's activities, the development of its businesses, and an indication of likely future developments are given under Management Discussion and Analysis.

SLT on 25 January 2022 divested 100% of the shares of its fully owned subsidiary SLT Campus (Pvt) Ltd to Tempest Two (Pvt) Ltd, an investor consortium for a total consideration of Rupees Four Hundred and Ten Million (LKR 410,000,000).

BOARD OF DIRECTORS

In terms of section 168 (1) (h) of the Companies Act No. 07 of 2007, and the Listing Rules of the CSE, the names of persons who held the office as Directors of the Company during the financial year ended 31st December 2021 are given below;

Name of Director	Position	Date of Appointment	Date of Re-election
Mr. Rohan Fernando	Chairman/INED	23 January 2020	15 July 2020
Mr. Lalith Seneviratne	GCEO/ED	23 January 2020	15 July 2020
Mr. Chan Chee Beng	NED	5 June 2008	23 April 2021
Mr. Lawrence Paratz	INED	26 May 2010	15 July 2020
Ms. Lai Choon Foong	INED	9 May 2014	24 May 2017
Mr. Mohan Weerakoon, PC	INED	23 January 2020	15 July 2020
Mr. Ranjith Rubasinghe	NED	23 January 2020	15 July 2020
Mr. Saman Fernando	NED	10 December 2020	23 April 2021
Mr. V U Kumar	INED	14 July 2021	To be elected at the AGM

ED – Executive Director

NED – Non Executive Director

INED – Independent Non – Executive Director

Changes to the directorate subsequent to the financial year.

Mr. Saman Fernando - Resigned w.e.f. 2 March 2022
Mr. K A Vimalenthirarajah - Appointed w.e.f. 15 March 2022

Brief profiles of the Directors are contained in the Board of Directors section in the Annual Report

APPOINTMENT & RE-ELECTION OF DIRECTORS

In terms of the Articles of Association (AoA) of the Company, the Directors are authorized to appoint any person to be a Director either to fill a casual vacancy or as an additional Director provided that the total number of Directors do not exceed the maximum no. of Directors specified in the AoA of the Company. The Directors appointed during the year will hold office only until the next Annual General Meeting ("AGM") and will offer themselves for re-election by the shareholders.

In addition, one third of the Directors (or the number nearest to one third) retires by rotation at each AGM and offer themselves for re-appointment by the shareholders.

Messrs V. U. Kumar and K A Vimalenthirarajah who were appointed to the Board since the previous AGM offer themselves for re-appointment in accordance with Article 97 of the AoA of the Company.

Ms. Lai Choon Foong and Mr. Mohan Weerakoon who have been longest in office since their last re-election, retire by rotation in terms of Article 91 and 92 of the AoA of the Company and being eligible offer themselves for re-election.

BOARD SUB-COMMITTEES

In terms of Section 186 of the Companies Act, the AoA of the Company and the Listing Rules the following mandatory and voluntary sub-committees have been appointed by the Board to focus in detail on a particular issue.

- > Audit Committee
- > Remuneration & Nomination Committee
- > Senior Tender Board
- > Technology Sub-Committee
- > Related Party Transactions Review Committee

Information relating to Sub-committees is given under "Corporate Governance" on page 46 to 59.

DIRECTORS' INDEMNITIES AND INSURANCE

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors and Officers.

INTEREST REGISTER AND DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

An Interest Register is maintained by the Company as per the requirement of the Companies Act No. 7 of 2007. The Directors have made necessary declarations as provided in section 192 (2) of the aforesaid Companies Act. The interest Register is available for inspection by shareholders, or their authorized representatives as required by section 119 (1) (d) of the Companies Act No. 7 of 2007.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Company carries out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is the Chairman or Director of such entities or holds substantial interest in such entities.

The Directors have no direct or indirect interest in any contract or proposed contact with the Company for the year ended 31 December 2021 other than those disclosed in Note 34 to the Financial Statements.

The Directors have declared all material interest in contacts involving the Company and have refrained from voting on matters in which they have a material interest.

RELATED PARTY TRANSACTIONS

Transactions if any that could be classified as Related Party Transactions in terms of LKAS 24 "Related Party Disclosures" are given in Note 34 to the Financial Statements.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee ("RPT – RC") and are in compliance with the Section 09 of the CSE Listing Rules

The RPT – RC confirms that recurrent related party transactions carried out during the year does not exceed 10% of the equity or 5% of the total assets of the listed entity. In addition, the aggregate value of the recurrent related party transactions does not exceed 10% of the gross revenue.

DIRECTORS & CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

The Directors did not hold shares in the Company or its subsidiaries during the financial year under review.

The shareholding of the CEO is given below;

	No. of shares	
	01.01.2021	31.12.2021
Chief Executive Officer	1,824	1,824

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

The remuneration and other benefits received by the Directors are given in Note 7 to the Financial Statements as required by Section 168 (1) (f) of the Companies Act.

SHARES AND DEBENTURES

Stated Capital

The Stated Capital of the Company as at 31 December 2021 was LKR 18,048,600,000 divided into 1,804,860,000 ordinary shares. There were no changes to the issued capital of the Company during the year under review.

Substantial shareholding

The following shareholders held more than 5% of the issued shares as at 31 December 2021.

Secretary to the Treasury (Government of Sri Lanka)	49.50%
Global Telecommunications Holdings N.V. of Netherlands	44.98%

Voting rights

Ordinary shareholders are entitled to receive notice and to attend and speak at any General Meeting of the Company. A shareholder entitled to attend and vote at a General Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

Every shareholder present in person or by proxy (or being a corporation present by a duly authorised representative) shall have one vote on a show of hands and one vote for every share held by him on a poll.

Details of the Company's Stated capital are set out in Note 30 to the Financial Statements.

Debentures

The Company in April 2018 issued 70,000,000 Senior Unsecured Redeemable Rated 10-year (2018/2028) Debentures as indicated below:

Type of Debentures	Interest rate (per annum)	No. of debentures issued
Type A	12.75% payable annually	20,760,000
Type B	12.75% payable semi-annually	49,240,000

Minimum Public Holding Requirement

Given that the two controlling shareholders and other Government connected institutions are considered "non-public", the public free float has reduced to 4.78% of the shareholding. The shares of SLT was transferred to the Second Board with effect from 29 October 2021.

In view of the current situation, SLT is evaluating various options available to increase the public float such as private placement and/or secondary public share offering in order to comply with minimum public holding requirements of section 7.14.1 of the Listing Rules.

FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 7 of 2007.

The significant accounting policies adopted by the Group and Company in preparing the Financial Statements are set out on Note 3 to the Financial Statements. These policies,

and applicable estimation techniques, have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the consolidated Financial Statements for 2021.

The aforementioned Financial Statements for the year ended 31 December 2021 certified by the Group Chief Financial Officer and signed by two Directors are given on page 125 of this Report.

A statement by the Directors of their responsibilities for preparing the Financial Statements is included in the Statement of Directors' responsibilities on page 118 while the independent Auditors Report is set out in pages 119 to 122 of this report.

FINANCIAL RESULTS & APPROPRIATIONS

	2021		2020	
	Company Rs. Mn	Group Rs. Mn	Company Rs. Mn	Group Rs. Mn
Revenue	59,811	102,348	51,552	91,119
Profit	5,865	12,161	4,019	7,881
Reserves	65,672	93,868	62,443	84,179

Results of the Company and of the Group are given in the Statement of Profit or Loss and Other Comprehensive Income on page 123.

The movement of the reserves are given in the Statement of Changes in Equity on pages 126 to 127 of the Annual Report.

IMPACT OF COVID 19

SLT being the national communication service provider in Sri Lanka focused on providing uninterrupted service to the consumers, ensured smooth functioning of voice/ data services and network quality during the pandemic as telecommunication services was identified as an essential service.

SLT activated the Company's Business Continuity Plan (BCP) and effected changes in operations, supply chain, workforce movements, investments and strategies to cope with the unprecedented challenges posed by the pandemic.

DIVIDENDS

The Directors recommend the payment of a first and final dividend of Rs. 2.02 per share (2020 - Rs. 1.49 per share) for the financial year ended 31 December 2021 payable on 2 June 2022 to the shareholders registered as at 12 May 2022, subject to the approval of the shareholders.

As required by Section 56(2) of the Companies Act No. 7 of 2007, the Directors have signed a Certificate stating that in their opinion the Company based on the information available satisfies the Solvency Test immediately after the dividend distribution is made and have obtained a Certificate from the Auditors in terms of section 57 of the Companies Act.

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statements. Current status of value of properties is disclosed on Pages 201 to 206.

AUDITORS

Ernst & Young, ("E & Y") Chartered Accountants served as the external Auditors of the Company during the year under review. The Audit fees payable and fees payable for non-audit services rendered are as follows:

	2021	2020
	Rs. Mn	Rs. Mn
Audit Fees	12	12
Non – Audit Fees	3	2

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SLT Group Audit Committee having considered E & Y's performance and their independence recommend to the shareholders the re-appointment of E & Y as the Auditors of the Company for the ensuing year.

Based on the written representation made by the Auditors the Directors are satisfied that the Auditors have had no interest or relationship with the Company or its subsidiaries other than that of external Auditors.

E & Y have expressed their willingness to continue in office. A resolution to re-appoint them and to authorize the Directors to determine their remuneration will be proposed at the forthcoming AGM.

STATUTORY PAYMENTS & COMPLIANCE WITH LAWS & REGULATIONS

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in the Financial Statements.

The Company has also ensured that it complied with the applicable laws and regulations including the Listing Rules of the CSE.

ENVIRONMENTAL PROTECTION

After making adequate enquiries from the management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Group operates.

DONATIONS

The Directors have approved donations amounting to Rs. 2.0 Mn for charitable purposes for the year 2021. (2020 – Rs. 2.0 Mn).

EMPLOYMENT POLICIES

The employment policies of SLT cover issues such as diversity, employee well-being and equal opportunities. The Company takes its responsibility towards the physically disabled seriously and does not discriminate any employee or prospective employee based on physical disability. Employees who become disabled during their service at SLT will be retained in employment wherever possible and will be given rehabilitation and training.

The Group companies operate within a framework of Human Resource policies, practices and regulations appropriate to their market sector. Policies and procedures for recruitment, training, career development and the Code of Ethics for Employees promote equal opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group.

The number of persons employed by SLT and Group is given in Note 7.1 on page 157.

SUSTAINABILITY REPORTING

SLT is conscious of the direct and indirect impact on the environment due to its business activities. The Group endeavours to minimise the adverse effects on the environment and to ensure sustainable continuity of our natural resources. The activities undertaken by the Group in recognition of its responsibility as a corporate citizen are disclosed more fully on pages 84 to 91 of this Report.

POST BALANCE SHEET EVENTS

Except for matters disclosed in Note 39 to the Financial Statements, there are no material events as at the date of the Auditors Report which require adjustments to or disclosure in the Financial Statements.

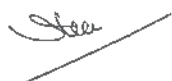
GOING CONCERN

The Directors have reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future to justify adopting the going concern basis in preparing the Financial Statements.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held at 10.00 am. on 11 May 2022 at the Lotus Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07. The Notice of the Annual General Meeting appears on page 214 of the Annual Report.

By order of the Board
Of Sri Lanka Telecom PLC



Rohan Fernando
Chairman



Lalith Seneviratne
Director



Mahesh Athukorale
Group Company Secretary

15 March 2022
Colombo

STATEMENT OF DIRECTORS IN RELATION TO THEIR RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The responsibility of the Directors in relation to the Financial Statements of the Company and the Group is set out in the following statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ("the Act"), is set out in the Independent Auditors' Report from pages 119 to 122.

The Financial Statements comprise:

- > Statement of Profit or Loss and Other Comprehensive Income, which present a true and fair view of the profit and loss of the Company and the Group for the financial year; and
- > Statement of Financial Position, which present a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and which comply with the requirements of the Act and SLRFS.

The Directors are required to ensure that, in preparing these Financial Statements:

- > appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- > all applicable Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed;
- > judgments and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company and the Group have adequate resources to continue its operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy of the financial position of the Company and of the Group, and to ensure that the Financial Statements presented comply with the requirements of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provide by any system of internal controls and accounting.

The Audit Committee meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors perform their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Directors are required to prepare the Financial Statements and to provide the Independent Auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the Independent Auditors 'opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Reporting date have been paid, or where relevant provided for, except as specified in Note 33 to the Financial Statements covering contingent liabilities.

By Order of the Board
Sri Lanka Telecom PLC



Mahesh Athukorale
Group Company Secretary

15 March 2022
Colombo

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
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Colombo 10, Sri Lanka

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TO THE SHAREHOLDERS OF SRI LANKA TELECOM PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Sri Lanka Telecom PLC (the Company) and the consolidated Financial Statements of the Company and its subsidiaries (the Group), which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical

responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K I Lulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition of fixed telephony and mobile communication services</p> <p>The Group recognized revenue of LKR 100,269 Mn from the provision of fixed telephony & mobile communication services for the year ended 31 December 2021 in accordance with its accounting policy set out in Note 3 (k) to the financial statements</p> <p>Recognition of revenue from the provision of fixed telephony & mobile communication services was a key focus of our audit due to:</p> <ul style="list-style-type: none"> — Provision of telecommunication services to customers involve frequent changes in rate structures and arrangements with multiple features. It comprises a large volume of transactions which arise from sales of different combinations of hardware and services that are captured, processed and recorded by the Group using multiple IT systems. — Significant judgement exercised by management when determining: <ul style="list-style-type: none"> a. Whether to recognize revenue at a point in time or over a period for revenue arrangements b. Duration of customer contracts c. Transaction price and allocating it to bundled products and services 	<p>Our audit procedures included the following amongst others;</p> <ul style="list-style-type: none"> > We involved our internal specialized resources to assist us with; <ul style="list-style-type: none"> > Evaluating the design and operating effectiveness of IT General Controls and IT Application Controls of IT systems having significant impact over revenue recognition. > Evaluating the adequacy of controls implemented for security monitoring aspects over selected IT systems related to revenue recognition. > We evaluated the design, implementation and operating effectiveness of IT dependent manual controls and manual controls including performing re-computations and testing end-to-end reconciliations, as relevant. > We assessed the reasonableness of significant judgements made by management when determining the timing of revenue recognition, duration of customer contracts and when allocating transaction price to bundled products and services of major revenue streams, based on the respective terms and conditions of customer contracts. > We also assessed the adequacy of related disclosures reflected in Note 3 (k) and Note 6 (a) of the Financial Statements.
<p>Estimated Useful Lives and Capital Work-in-Progress of Network Assets</p> <p>As at 31 December 2021, the Group's network assets accounted for 43% of the consolidated total assets and Group's capital work-in-progress related to such network assets accounted for 9% of the consolidated total assets.</p> <p>Depreciation on network assets amounted to LKR 16,685 Mn for the year ended 31 December 2021. The Group's policy is to calculate the depreciation of an asset over its estimated useful life on a straight-line basis.</p> <p>Estimating the useful lives of network assets requires judgment by the management and is a key focus for our audit. It involves the Group's collective assessment of the industry practice, internal technical evaluation and experience with the similar assets in concluding the useful lives of network assets.</p> <p>Capital work in progress of network assets was a key focus for our audit due to the:</p> <ul style="list-style-type: none"> — Degree of judgement involved, and assumptions used when assessing impairment of amounts of capital work – in – progress relevant to projects of an extended duration <p>and</p> <ul style="list-style-type: none"> — Importance of timeliness in transferring amounts from capital work – in – progress of network assets to the relevant class of property, plant and equipment, when such items have been commissioned for use. <p>The Group's disclosures on property and equipment are included in Notes 3 (d) and 14 to the consolidated Financial Statements and the disclosures on capital work-in-progress are included in Notes 3 (d) (iv) and 14 to the consolidated Financial Statements.</p>	<p>Our audit procedures included the following amongst others;</p> <ul style="list-style-type: none"> > We obtained an understanding of the Group's process in estimating the useful lives of network assets. > We inquired with the Group's network engineers on their evaluation of the relevance of current technology and its utilization for future periods. > We tested management assessment of the estimated useful lives of network assets against industry data and practice and other relevant external data. > We evaluated whether management has identified possible indicators of impairment for any project related to network assets which have not been commissioned for a prolonged period including evaluating the reasonableness of management judgements applied and assumptions used based on our knowledge of the business and industry. > By discussion with the respective project managers and inspection of relevant documentation, we <ul style="list-style-type: none"> > checked the current status of completion of those projects in relation to budgeted project duration <p>and</p> <ul style="list-style-type: none"> > whether amounts related to network assets commissioned for use have been appropriately transferred out of capital work-in-progress and recognized under the relevant class of property, plant & equipment, on a timely basis > We also assessed the adequacy of related disclosures made in the Financial Statements.

Other Information included in the 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1420.



04 April 2022
Colombo

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

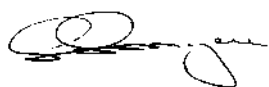
(all amounts in Sri Lanka Rupees million)

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 Samaranyake
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 - GROUP

(all amounts in Sri Lanka Rupees million)

Group	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non controlling interest	Total equity
Balance as at 1 January 2020		18,049	917	(471)	59,574	78,069	98	78,167
Non controlling interest		-	-	-	-	-	4	4
Total comprehensive income for the year								
Net profit for the year 2020		-	-	-	7,881	7,881	-	7,881
Other comprehensive income								
Net movement on cash flow hedges		-	-	501	-	501	-	501
Defined benefit plan actuarial loss, net of tax		-	-	-	(359)	(359)	-	(359)
Total other comprehensive income		-	-	501	(359)	142	-	142
Total comprehensive income for the year		-	-	501	7,522	8,023	-	8,023
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity shareholders		-	-	-	(1,913)	(1,913)	-	(1,913)
Insurance reserve								
- Transfer to insurance reserve	29	-	127	-	(127)	-	-	-
Balance as at 31 December 2020		18,049	1,044	30	65,056	84,179	102	84,281

Group	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non controlling interest	Total equity
Balance as at 1 January 2021		18,049	1,044	30	65,056	84,179	102	84,281
Non controlling interest		-	-	-	-	-	6	6
Total comprehensive income for the year								
Net profit for the year 2021		-	-	-	12,161	12,161	-	12,161
Other comprehensive income								
Net movement on cash flow hedges		-	-	(30)	-	(30)	-	(30)
Defined benefit plan actuarial gain, net of tax		-	-	-	247	247	-	247
Total other comprehensive income		-	-	(30)	247	217	-	217
Total comprehensive income for the year		-	-	(30)	12,408	12,378	-	12,378
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity shareholders		-	-	-	(2,689)	(2,689)	-	(2,689)
Insurance reserve								
- Transfer to insurance reserve	29	-	61	-	(61)	-	-	-
Balance as at 31 December 2021		18,049	1,105	-	74,714	93,868	108	93,976

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

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							
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	

Company	Notes	Attributable to owners of the Company					Total equity
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings		
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

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2021	2020	2021	2020
Cash flows from operating activities					
Cash generated from operations	31	50,611	40,562	31,413	22,048
Interest received		1,334	1,243	656	830
Interest paid		(6,781)	(8,109)	(4,304)	(5,378)
Tax paid		(995)	(706)	-	-
Gratuity paid	28	(538)	(690)	(465)	(468)
Net cash generated from operating activities		43,631	32,300	27,300	17,032
Cash flows from investing activities					
Acquisition of property, plant and equipment		(23,855)	(12,141)	(18,828)	(6,355)
Acquisition of intangible assets	15	(2,104)	(2,477)	(1,384)	(2,293)
Proceeds from disposal of property, plant and equipment		376	93	306	85
Purchase of short term investments		(4,418)	(509)	(4,416)	(464)
Net cash used in investing activities		(30,001)	(15,034)	(24,322)	(9,027)
Cash flows from financing activities					
Proceeds from borrowings		5,779	17,911	5,750	17,500
Cash payment for the principle portion of lease liability		(1,761)	(1,769)	(622)	(588)
Finance lease principal re-payments		(7)	(56)	(7)	(2)
Re-payment of borrowings		(13,922)	(23,176)	(10,014)	(20,794)
Increase in vendor financing		5,219	-	5,370	-
Dividends paid to the equity shareholders		(2,689)	(1,913)	(2,689)	(1,913)
Net cash used for financing activities		(7,381)	(9,003)	(2,212)	(5,797)
Increase in cash and cash equivalents		6,249	8,263	766	2,208
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of year		9,981	1,718	(412)	(2,620)
Increase in cash and cash equivalents		6,249	8,263	766	2,208
At the end of the year	21.(a)	16,230	9,981	354	(412)

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

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Sri Lanka Telecom PLC (the "Company") is a company domiciled in Sri Lanka. The address of the Company's registered office is Lotus Road, Colombo 1. The Separate Financial Statements relates to Sri Lanka Telecom PLC. The Consolidated Financial Statements of the Company as at and for the year ended December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Financial Statements of all Companies within the Group are prepared for a common financial year which ends on 31 December 2021.

The Group primarily is involved in providing a broad portfolio of telecommunication services across Sri Lanka, In addition, the range of services provided by the Group include, inter-alia, internet services, data services, domestic and international leased circuits, broadband, satellite uplink, maritime transmission, IPTV service, directory publishing and provision of manpower. The Company is a quoted public Company which is listed on the Colombo Stock Exchange.

2 BASIS OF PREPARATION

(a) Statement of compliance

The Financial Statements of the Group and the Company which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

(b)

The Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 15 March 2022.

(c) Basis of measurement

The Financial Statements have been prepared on the historical cost basis applied consistently with no adjustments being made for inflationary factors affecting the financial statements except for the following item:

The liability for defined benefit obligation recognised is actuarially valued and recognised at the present value of the defined benefit obligation.

(d) Functional and presentation currency

These Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency and the Group's presentation currency. All financial information presented in rupees has been rounded to the nearest million, unless otherwise indicated.

(e) Use of estimates and judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- > Note 14 - Property, plant and equipment
- > Note 15 - Intangible Assets
- > Note 14 (a) - Right-of-use assets & lease liabilities
- > Note 20 - Trade and other Receivable
- > Note 24 - Deferred Tax assets and liabilities
- > Note 25 - Deferred Income, contract assets and contract liabilities
- > Note 28 - Employee Benefits

(f) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- > Expected to be released or intended to be sold or consumed in the normal operating cycle
- > Held primarily for the purpose of trading
- > Expected to be realised within 12 months after the reporting period

Or

- > Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period
- > All other assets are classified as non-current.

A liability is current when:

- > It is expected to be settled in the normal cycle
- > It is held primarily for the purpose of trading
- > It is due to be settled within twelve months after the reporting period
- > There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

- > The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification
- > The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Going concern

The Financial Statements have been prepared on a going concern bases. The Directors have considered the potential downsides that the COVID-19 pandemic could bring to business operations of the Group in making this assessment. Impact of the COVID-19 pandemic is described in Note 38.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in financial statements, and have been applied consistently by the Group entities, except amendments to existing accounting standards which are effective from 1 January 2021 as described in Note 3 (w)

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in Statement of Profit or Loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of

the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the recognized in Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

As per the reporting date the group has changed the accounting treatment of its investments in SLT Campus (Private) Limited from a subsidiary to non current assets held for sale as per the 'SLFRS 5 - Non current assets held for sale and discontinued operations' as disclosed in note 16.1 and 22.

(ii- a) Critical judgements in applying the entity's accounting policies

The directors have concluded that the Group controls all subsidiaries as it has majority control and voting rights over its subsidiaries as depicted in Note (ii-b).

(ii- b) Interest in subsidiaries

Set out below are the group's principal subsidiaries as at 31st December 2021

Name of entity	Place of business/country of incorporation	% of Ownership interest held by the group	Principal Activities
Mobitel (Private) Limited	Colombo/SriLanka	100%	Mobile service provider.
Sri Lanka Telecom (Services) Limited	Colombo/SriLanka	99.99%	Providing network solutions for corporate customers and small businesses.
SLT VisionCom (Private) Limited	Colombo/SriLanka	100%	Providing IPTV support services.
SLT Digital Info Services (Private) Limited	Colombo/SriLanka	100%	Directory information and publication services
SLT Human Capital Solutions (Private) Limited	Colombo/SriLanka	100%	Providing workforce solutions.
Sky Network (Private) Limited	Colombo/SriLanka	99.94%	Wireless broadband operations
SLT Property Management (Private) Limited	Colombo/SriLanka	100%	Managing SLT's real estate resources
SLT Campus (Private) Limited	Colombo/SriLanka	100%	Higher educational services of ICT and Business Management.
eChannelling PLC	Colombo/SriLanka	87.59%	Providing information infrastructure for the healthcare industry
Talentfort (Pvt) Ltd	Colombo/SriLanka	100.00%	Providing workforce solutions.
Mobit Technologies (Pvt) Ltd	Colombo/SriLanka	100.00%	Providing software solutions.

(iii) Equity - accounted investees (Investment in associates and joint ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees

is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

(iv) Non controlling interest (NCI)

NCI are measured at their proportionate share of acquiree's identifiable net assets at the date of acquisition. Changes in the group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Loss of control

When the group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest in the former subsidiary is measured at fair value when control is lost.

(vi) Transaction eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial assets

(i-i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 3(k) - Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(i-ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- > Financial assets at amortised cost (debt instruments)
- > Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- > Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- > Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both following conditions are met:

- > The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- > The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of following conditions are met:

- > The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- > The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non listed equity instruments that the Group elected to classify irrevocably.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing

in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(i-iii) Fair value measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A Fair value measurement requires an entity to determine all the following;

1. The particular asset or liability that is the subject of the measurement.
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.

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4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.
5. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Determination of Fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

(i-iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(i-v) Impairment

Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- > default or delinquency by a debtor;
- > restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- > indications that a debtor or issuer will enter bankruptcy;
- > adverse changes in the payment status of borrowers or issuers;
- > the disappearance of an active market for a security; or
- > Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i-vi) Hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the "cash flow hedge reserve". The ineffective portion of the gains or losses on the hedge instrument is recognised immediately in the profit and loss.

When the hedge cash flow affect the Income Statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Income Statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meet the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive income at that time remains in other comprehensive income and is recognised in the income statement. When a forecast transaction is no longer expected to occur the cumulative gains/loss was reported in other comprehensive income is immediately transferred to the Income Statement.

(ii) Financial liabilities

(ii-i) Initial recognition and measurement

Financial Liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables loans and borrowing including bank overdrafts, lease liabilities, contract liabilities and deferred income.

(ii-ii) Subsequent measurement

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method, after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised. EIR amortisation is included as finance costs in the statement of profit or loss.

(ii)-(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised

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in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. In the year of acquisition depreciation is computed on proportionate basis from the month the asset is put into use and no depreciation will be charged to the month in which the particular asset was disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

The estimated useful lives for the assets are as follows:

Freehold buildings	5 - 40 years
Submarine cables	10 - 25 years
Motor vehicles	5 years
CDMA handsets	3 years
PABX system	1-6 years
IT systems	5 - 10 years
Other fixed assets	2 - 12.5 years
Network equipment	
Ducts ,cables and other outside plant	5 - 20 years
Telephone exchanges and transmission equipment	5 -12.5 years
Towers	40 years

(iv) Capital work-in-progress

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any. These are expenses of a capital nature directly incurred in the construction of buildings, network equipment, system development and other fixed assets, awaiting capitalisation.

Major spare parts and project related inventory qualify as Property, plant and equipment when the entity expects to use them during more than one year period and are used in connection with specific items of Property, plant and equipment.

(v) Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of Profit or Loss and Other Comprehensive Income.

When replacement costs are recognised in the carrying amount of an item of property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

(vi) Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3 (a) (i)

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Licenses

Separately acquired licences are shown at historical cost. Expenditures on license fees that is deemed to benefit or relate to more than one financial year is classified as license fee and is being amortised over the License period on a straight line basis.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(f) Right of use assets and lease liabilities

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leased assets	Estimated useful lives
Buildings	2-3 years
Towers	2-3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 3 (v)-(iii) - Impairment of Assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in rights-of-use assets and lease liabilities in Note 14.(a) to the Financial Statements.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases of some tower rentals that are considered to be low value. Lease payments on leases of low-value assets are recognised as expenses on straight -line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

(h) Share capital**Ordinary Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Government grants

Government grants are recognised initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the statement of Profit or Loss and Other Comprehensive Income as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the of profit or loss on a systematic basis over the useful life of the asset.

(j) Employee benefits**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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Employees' Provident Fund

All employees of the Company are members of the Sri Lanka Telecom Provident Fund to which the Company contributes 15% of such employees' basic salary and allowances.

All employees of subsidiaries of the Group are members of Employees' Provident Fund (EPF), to which the respective subsidiaries contribute 12% of such employees' basic salary and allowances. Employees of Sri Lanka Telecom (Services) Limited are members of Employees' Provident Fund (EPF), where the company contribute 15% of such employees' basic salary and allowances.

Employees' Trust Fund

The Company and other subsidiaries contribute 3% of the salary of each employee to the Employees' Trust Fund.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on Government Bonds at the reporting date and have maturity dates approximating to the terms of the Company's obligations.

The Group recognises actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan in other comprehensive income. The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits". However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of five years of continued service.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or leave encashment plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Revenue from contracts with customers

The Group is primarily involved in providing a broad portfolio of telecommunication services across Sri Lanka. In addition, the range of services provided by the Group include, inter alia, voice and broadband services, domestic and international leased circuits, broadband, satellite up-link, maritime transmission, IPTV service, directory publishing service and educational services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

(i) Performance obligations relevant to contracts

As a telecommunication service provider, the Group's performance obligation related to service contracts include the installation services and maintenance services provided and the uninterrupted telecommunication service which will be provided throughout the connection period.

The Group expects that above performance obligations would be satisfied throughout the connection period.

Domestic and international call revenue and rental income *Fixed lines*

Revenue for call time usage by customers is recognised as revenue as services are performed on accrual basis. Fixed rental is recognised as income on a monthly basis in relation to the period of services rendered.

Mobile revenue

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Air time, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service.

Revenue from other network operators and international settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.

Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis. The relevant revenue accrued is recognised under income in the Income Statement and interconnection expenses recognised under operating costs in profit or loss.

Revenue from broadband

Revenue from Data services and IPTV services is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

Revenue from other ICT services

The revenue from other telephone services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

Recognition of deferred income

The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.

IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity are recognised on a straight line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight line basis over the period of contracts. Amounts received in advance for any services are recorded as deferred revenue.

Revenue from the sale of prepaid CDMA cards is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.

Sale of mobile recharge cards and reloads for prepaid subscribers are initially recognised as deferred revenue until such time as the subscribers use the services or credit period expires.

CDMA revenue

The connection fees relating to Code Divisional Multiple Access (CDMA) connections are recognised as revenue at the point the connection is activated.

(ii) New connection fees

The Group provides installation services relevant to the new connections of fixed and mobile telecommunication services including both voice and non-voice categories. These installation services are bundled together with providing of Customer Premises Equipment (CPE) to customers in fixed line voice and some non-voice services. When

the performance obligations relevant to such installation services are performed, CPEs provided to customers are considered as assets of the Group as long as the contracts with customers are valid. Accordingly, the Group allocates a bundled price for the equipment and installation services for such facilities.

(iii) Recognition of contract liabilities

The Group concluded that revenue from new connections in fixed and mobile telecommunication services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to reperform the installation of the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group identifies the revenue for installation services as a contract liability and recognises the revenue on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer since satisfaction for the installation services will be consumed by the customer over the contract period.

(iv) Costs incurred in securing customer contracts

The Group identifies the sales commission paid to sales team for each new connection contract and other such related costs in contract acquisition as costs incurred in securing customer contracts.

(v) Recognition of contract assets

Contract acquisition costs are recognised as a contract asset and subsequently recognised as an expense over the life of a contract on a systematic basis consistent with the pattern of the transfer of services to which the asset relates, that is; as and when the relevant performance obligation is fulfilled for a given month.

(l) Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year

(m) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Determining whether an arrangement contains a lease.

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At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(n) Finance income and expenses

The Group's finance income and finance cost include:

- > Interest income from repurchase agreements
- > Interest income from fixed deposits
- > Staff loan interest income
- > Interest expense from borrowings
- > Interest expense arising from Leases
- > Foreign exchange gains or losses

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Income tax

Current income tax assets are measured at amount to be recovered from or paid to the taxation authorities

(i) Current taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised or profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Provisions for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

(ii) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by

the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax is not recognised for the undistributed profits of subsidiaries as the Parent Company has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit or loss, is recognised either in other comprehensive income or directly in Statement of Changes in Equity in line with the underlying transaction.

(iii) Economic Service Charge (ESC)

ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act. With effective from 1 January 2020 the Act mentioned above was abolished.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sale tax, except: where sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable.

(v) Uncertainty over income tax treatment

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgment in identifying uncertainties over income tax treatments and it assessed whether the interpretation had an impact on its consolidated Financial Statements.

If the Group concludes that it is probable that the taxation authority will accept the tax treatment used or planned to be used in its tax filings, the entity determines its tax position on that basis. This is consistent with the requirement that current tax is measured at the amount expected to be paid or recovered from the taxation authorities, and that deferred

tax is measured using the rates and tax laws expected to apply when the related asset is realised or liability is settled.

If the Group concludes that acceptance of the uncertain tax treatment by the taxation authorities is not probable, it would apply one of the following two methods for reflecting the effect of uncertainty in its estimate of the amount it expects to pay or recover from the tax authorities

- a. the most likely amount - the single most likely amount in a range of possible outcomes; or
- b. the expected value - the sum of the probability-weighted amounts in a range of possible outcomes.

The Group uses the method that it expects to better predict the resolution of the uncertainty.

(p) Earnings per share

The Group presents basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Insurance reserve

The Company transfers annually from the retained earnings an amount equal to 0.1% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment. The insurance reserve is maintained to recover any losses arising from damage to property, plant and equipment, except for motor vehicles, that are not insured with a third party insurer.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Provision for final dividends is recognised at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders.

(s) Comparatives

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

(t) Statement of cash flows

The statement of cash flows has been prepared using the 'indirect method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 07) – 'Statement of Cash Flows'. Cash and Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The cash and cash equivalent include cash in hand, balances with banks, placements with banks, money at call and short notice.

(u) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 22.

(v) Critical accounting estimates, assumptions and judgements

In the preparation of these Financial Statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

(i) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances,

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prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's Financial Statements when the change in estimate is determined.

(ii) Impairment of property, plant and equipment and intangible assets

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant underperformance relative to expected historical or projected future operating results;
- d. significant changes in the use of its assets or the strategy for its overall business;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

(iii) Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

(iv) Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(v) Inventories

The Company assesses the inventory provision whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant changes in the use of its assets or the strategy for its overall business;

(vi) Current tax and deferred tax

Judgement was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax law at the time of the preparation of these financial statements.

Certain uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(vii) Leases-estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates as well.

(viii) Revenue recognition from contracts with customers

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. Certain contracts with customers are bundled packages that may include sale of products and telecommunications services that comprise voice, data, and

other telecommunications services. The Group accounts for individual products and services separately as separate performance obligations if they are distinct promised goods and services. The Group exercises judgements in determining whether a product is distinct, that is, if such product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it separately. This determination will affect the allocation of consideration specified in the contract and the revenue recognised for each performance obligation.

(ix) Assets held for sale

On 14 December 2021, the Group publicly announced the decision of its Board of Directors to sell SLT Campus (Pvt) Ltd, a wholly owned subsidiary. Operations of SLT Campus (Pvt) Ltd are classified as a disposal group held for sale. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- > SLT Campus (Pvt) Ltd is available for immediate sale and can be sold to the buyer in its current condition
- > The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- > A potential buyer has been identified and negotiations as at the reporting date are at the conclusion stage.
- > The shareholders approved the plan to sell on 14 December 2021. For more details refer to Note 22.

(w) Amendments to existing accounting standards

The Group applied for the first-time certain amendments, to existing accounting standards, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

- (ii) Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2

IBOR reform Phase 1

In 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:

- > **Highly Probable Requirement:** According to SLFRS 9 and LKAS 39, when a forecast transaction is designated as a hedged item, that transaction must be highly probable to occur. By the Phase 1 amendments, when determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform
- > **Prospective assessments:** A hedging relationship qualifies for hedge accounting only if there is an economic relationship between the hedged item and the hedging instrument (described in SLFRS 9) or the hedge is expected to be highly effective in achieving off-setting (described in LKAS 39). An entity must demonstrate such prospective assessments on a regular basis. By the Phase 1 amendments, when performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform

LKAS 39 retrospective assesment: To apply hedge accounting under LKAS 39, an entity must demonstrate that the actual results of the hedge are within a range of 80% - 125%. This requirement is commonly known as the 'LKAS 39 retrospective assesment'. By the Phase 1 amendments, an entity is not required to undertake the LKAS 39 retrospective assesment for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assesment

- > **Separately identifiable risk components:** While there are some differences between SLFRS 9 and LKAS 39 regarding designation of risk components, both Standards require a risk component (or a portion) to be separately identifiable to be eligible for hedge accounting. An entity may designate an item in its entirety or a component of an item as a hedged item in a hedging relationship. SLFRS 9 and LKAS 39 require the component to be separately identifiable to qualify as a hedged item. By the Phase 1 amendments, for hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships

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IBOR reform Phase 2

In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients

- > A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to A floating interest rate, equivalent to A movement in A market rate of interest
- > Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- > Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context

The requirements under phase 1 amendments have to be applied retrospectively. However, the reliefs only apply to hedging relationships that existed at the beginning of the reporting period in which an entity first applies those requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements. It follows that it is not possible to apply the reliefs retrospectively to hedge relationships that were not previously designated as such

The requirements under phase 2 amendments have to be applied retrospectively. Hedge relationships are not designated retrospectively. However, discontinued hedging relationships must be reinstated if, and only if,

- > The hedging relationship was discontinued solely due to changes required by the Reform, and, therefore, the entity would not have been required to discontinue that hedging relationship if the Phase 2 Amendments had been applied at that time and
- > At the date of initial application of the Phase 2 Amendments, that discontinued hedge relationship continues to meet all the qualifying criteria for hedge accounting, after taking account of the Phase 2 Amendment.

These amendments had no material impact on the financial statements. We intend to apply these amendments in future periods if they become applicable.

(x) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- (i) SLFRS 17 - Insurance Contracts - In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June 2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- > A specific adaptation for contracts with direct participation features (the variable fee approach)
- > A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

SLFRS 17 - Insurance contracts is not expected to have a significant impact on the Group's Consolidated Financial Statements."

- (ii) Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods

or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

(iii) Amendments to LKAS 16 Property, Plant & Equipment :
Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment

This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

(iv) Amendments to SLFRS 3 Business Combinations :
Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements."

(v) SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

(vi) SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

(vii) LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41. An entity applies the amendment prospectively to fair value measurements on

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or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

4. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the group activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures, and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Group has exposure to the following risks from its use of financial instruments:

- > Credit risk, Liquidity risk and Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

4.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure

4.1.1 Trade receivables

The group having a very well established credit policy for both International Interconnect customers and Domestic customers to minimize the credit risk. A separate committee has been established to evaluate and recommend the credit worthiness for the International Interconnect customer. Further, Prepaid sales are used as a means of mitigating credit risk

Domestic service is offered to a new customer only after scrutinizing through a internal blacklisted data base. The group has a well-established credit control policy & process to minimize the credit risk. Customers are categorised according to the segments and credit limit has been fixed as per their average monthly bill value. Customer usage and bill payments are monitored as per the credit limit. Credit limit will be periodically revised as per the past monthly bill value. High risk voice customers are subjected to auto disconnection when they reached the threshold limit. Credit control actions and recovery actions are taken for the overdue customers and defaulted customers to minimise the credit risk. High revenue generated customers including corporate customers are monitored individually.

As at 31 December, the maximum exposure to credit risk for trade by geographic region was as follows:

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
Sri Lanka	23,225	22,375	17,255	15,466
Middle east	134	137	115	137
Asia	1,352	1,147	946	902
Europe	981	1,147	887	966
Australia	239	171	234	164
Other	21	389	7	13
Total trade receivables	25,952	25,366	19,444	17,648

As at 31 December, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
	2021	2020	2021	2020
Wholesale customers	3,666	3,467	3,610	3,386
Retail customers	19,179	18,042	14,697	13,476
Other	3,107	3,857	1,137	786
	25,952	25,366	19,444	17,648

As at 31 December the Group's most significant customer was Information Communication Technology Agency (ICTA) which accounted for Rs. 589 Mn of trade receivables (2020 - Rs.267 Mn)

As at 31 December 2021, the aging of trade receivables was as follows;

	Group		Company	
	2021	2020	2021	2020
Past due 1 Year	141	235	92	78
Past due 2 Years and above	193	64	99	64
	334	299	191	142

Management believes that the past due more than 1 year are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group Impairment	Company Impairment
Balance as at 1 January 2020	9,232	5,402
- Impairment loss recognised	2,212	1,846
- Impairment gain recognised	(811)	(811)
- Adjustments	(47)	-
- Amounts written off	(2,063)	(1,074)
Balance as at December 2020	8,523	5,363
- Impairment loss recognised	1,759	1,201
- Impairment gain recognised	(27)	-
- Adjustments	5	-
- Discontinue of operations in SLT Campus (Pvt) Limited	(66)	-
- Amounts written off	(431)	(257)
Balance as at 31 December 2021	9,763	6,307

4.1.2 Other investments

The Group limits its exposure to credit risk by investing only in Government Debt Securities, Repos and in short term deposits with selected bankers with Board approval.

4.1.3 Cash and cash equivalents

The Group held cash and cash equivalents of Rs 17,972 Mn as at 31 December 2021 (2020 Rs. 11,866 Mn)

4.1.4 Employee loans

The Group limits its exposure to credit risk by ensuring the loan balance are recovered from the employees monthly salary, or if the employee leaves such amounts are recovered from the employees EPF balance.

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4. FINANCIAL RISK MANAGEMENT CONTD.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The group determines its liquidity requirements by the use of both short and long-term cash forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

Short and medium-term requirements are regularly reviewed and managed by the Treasury Division.

Contractual undiscounted payments the Sri Lanka Telecom PLC would be called upon to make under the issued Corporate Guarantee Contracts on behalf of its subsidiaries are as follows,

For the year ended 31 December	Carrying Value	up to 1 Year
SLT Campus (Pvt) Ltd. – Seylan loan (a)	887	847
SLT Campus (Pvt) Ltd. – Bank overdraft	110	110

- (a) This term loan was granted by Seylan Bank to SLT Campus (Private) Limited in August 2019. The loan tenure is 120 months including a grace period of 24 months from the granted date.

Above loan and bank overdraft were settled in full by SLT Campus (Pvt) Limited and the relevant corporate guarantees were cancelled in January 2022.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Bank overdrafts	1,742	1,742	-	-	-
Bank borrowings and others	44,826	7,006	8,220	17,200	12,400
Lease liabilities	21	17	4	-	-
Trade and other payables due with in one year (4.2.1)	35,605	35,605	-	-	-
Trade and other payables due after one year (4.2.2)	6,565	6,565	-	-	-
	88,759	50,935	8,224	17,200	12,400

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Bank overdrafts	1,885	1,885	-	-	-
Bank borrowings and others	53,147	7,628	8,827	23,507	13,185
Vender financing	317	157	136	24	-
Lease liabilities	25	4	9	12	-
Trade and other payables due with in one year (4.2.3)	30,605	30,605	-	-	-
Trade and other payables due after one year (4.2.4)	5,371	3,839	382	7	1,143
	91,350	44,118	9,354	23,550	14,328

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Bank overdrafts	1,261	1,261	-	-	-
Bank borrowings and others	41,781	5,991	6,190	17,200	12,400
Lease liabilities	21	17	4	-	-
Trade and other payables due with in one year (4.2.5)	22,805	22,805	-	-	-
Trade and other payables due after one year (4.2.6)	5,283	1,864	1,190	1,049	1,180
	71,151	31,938	7,384	18,249	13,580

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Bank overdrafts	1,453	1,453	-	-	-
Bank borrowings and others	46,514	5,659	6,815	21,315	12,725
Lease liabilities	25	4	9	12	-
Trade and other payables due with in one year (4.2.7)	17,131	17,131	-	-	-
Trade and other payables due after one year (4.2.8)	3,955	2,826	391	364	374
	69,078	27,073	7,215	21,691	13,099

4.2.1 Trade and other payables due with in one year

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Domestic trade payables	6,062	6,062	-	-	-
Foreign trade payables	3,438	3,438	-	-	-
Capital expenditure payables	10,017	10,017	-	-	-
Social security and other taxes	574	574	-	-	-
Interest payable	20	20	-	-	-
Other payables	15,494	15,494	-	-	-
	35,605	35,605	-	-	-

4.2.2 Trade and other payables due after one year

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Subscriber deposits	253	2	4	7	240
Domestic trade payables	1,668	323	675	410	260
Capital expenditure payables	4,644	1,930	1,402	632	680
	6,565	2,255	2,081	1,049	1,180

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4. FINANCIAL RISK MANAGEMENT CONTD.

4.2.3 Trade and other payables due with in one year

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Domestic trade payables	5,967	5,967	-	-	-
Foreign trade payables	1,979	1,979	-	-	-
Capital expenditure payables	7,999	7,999	-	-	-
Social security and other taxes	1,039	1,039	-	-	-
Interest payable	71	71	-	-	-
Other payables	13,550	13,550	-	-	-
	30,605	30,605	-	-	-

4.2.4 Trade and other payables more than one year

Group	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Subscriber deposits	273	2	4	7	260
Domestic trade payables	1,906	580	313	-	1,013
Capital expenditure payables	2,430	3,192	-	-	(762)
	4,609	3,774	317	7	511

4.2.5 Trade and other payables due with in one year

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Domestic trade payables	164	164	-	-	-
Foreign trade payables	1,424	1,424	-	-	-
Amount due to subsidiaries	4,087	4,087	-	-	-
Capital expenditure payables	5,072	5,072	-	-	-
Social security and other taxes	548	548	-	-	-
Other payables	11,510	11,510	-	-	-
	22,805	22,805	-	-	-

4.2.6 Trade and other payables due after one year

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2021					
Subscriber deposits	253	2	4	7	240
Advance on RDA	674	73	175	410	16
Unclaimed dividend	244	-	-	-	244
Capital expenditure payables	4,112	1,789	1,011	632	680
	5,283	1,864	1,190	1,049	1,180

4.2.7 Trade and other payables due after one year

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Domestic trade payables	180	180	-	-	-
Foreign trade payables	1,278	1,278	-	-	-
Amount due to subsidiaries	2,798	2,798	-	-	-
Capital expenditure payables	3,242	3,242	-	-	-
Social security and other taxes	601	601	-	-	-
Other payables	9,032	9,032	-	-	-
	17,131	17,131	-	-	-

4.2.8 Trade and other payables due after one year (4.2.8)

Company	Carrying Value	up to 1 Years	up to 2 Years	up to 5 Years	Over 5 Years
As at 31 December 2020					
Subscriber deposits	273	67	69	7	130
Advance on RDA	769	90	322	357	-
Unclaimed dividend	244	-	-	-	244
Capital expenditure payables	1,907	2,669	-	-	-
	3,193	2,761	326	364	374

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT CONTD.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.3.1 Currency risk

The Group is exposed to currency risk on services provided, services received and borrowings that are denominated in a currency other than the Sri Lankan rupees (Rs.)

The Group manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments of foreign currency loans and services with currency inflows for services settled in foreign currencies.

The summary of quantitative data about the Group's exposure to foreign currency was as follows:

	Group		Company	
	2021 USD Mn.	2020 USD Mn.	2021 USD Mn.	2020 USD Mn.
As at 31 December				
Foreign trade receivables	15	19	13	14
Secured bank loans	(1)	(2)	-	-
Unsecured loans	(15)	(30)	-	-
Trade payables	(17)	(10)	(7)	(7)
Net statement of financial position exposure	(18)	(23)	6	7

The following significant exchange rates have been applied during the year:

	Average rate		Year end spot rate	
	2021	2020	2021	2020
USD	198.88	185.55	200.75	186.65

Sensitivity analysis

A reasonable possible strengthening (weakening) USD would have an impact on the Group's borrowings. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Balance sheet	
	Strengthening	Weakening	Strengthening	Weakening
Group				
2021 December USD (10%)	(415)	415	(415)	415
2020 December USD (10%)	(803)	803	(803)	803

4.3.2 Interest rate risk

Interest rate risk mainly arises as a result of Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates. The Group's borrowings and investments are maintained in a mix of fixed and variable interest rate instruments and periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

To minimise the adverse impact of variable interest rate borrowings due to an upward movement of USD interest rates in the market, the Company has obtained an interest rate SWAP and arrangements are being made to obtain an interest rate CAP.

Short-term interest rate management is delegated to the treasury operations while long-term interest rate management decisions require approval from the Board of Directors.

Interest rate sensitivity of the company was computed within the floor interest rate (Minimum) of 2.5% as stipulated in the loan agreement. The Group interest rate sensitivity was computed based on a 100 basis point increase or decrease. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. The sensitivity of interest rate movement is shown below;

	Profit or loss	
	Increase in interest rate	Decrease in interest rate
Group		
2021 December variable rate instruments	(548)	548
2020 December variable rate instruments	(383)	383
Company		
2021 December variable rate instruments	(485)	485
2020 December variable rate instruments	(323)	323

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Debt/equity ratios at 31 December were as follows:

	Group		Company	
	2021	2020	2021	2020
Total borrowings	62,083	65,794	50,024	48,839
Total equity	93,967	84,281	65,672	62,443
Total capital	156,059	150,075	115,696	111,282
Debt/equity Ratio	66.1	78.1	76.2	78.2

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies for each of the strategic divisions, the Board of Directors, (the Chief Operating Decision Maker-CODM) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- > Fixed ICT operations includes supply of fixed telecommunication services.
- > Mobile ICT operations includes supply of mobile telecommunication services.
- > Other segment operations includes directory publication and support services. None of these segments meet the quantitative thresholds for determining reportable segments in 2021 or 2020.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax. As included in the internal management reports that are reviewed by the Board of Directors (BOD). Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relevant to the operating segments are presented in a method consistent with the management reporting provided to those charged with governance.

	Fixed telephony operations		Mobile operations		Other segments operations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
External revenues	54,693	47,065	45,576	41,939	2,079	2,115	102,348	91,119
Inter-segment revenue	5,118	4,487	1,565	1,428	4,678	3,219	11,361	9,134
Reportable segment revenue	59,811	51,552	47,141	43,367	6,757	5,334	113,709	100,253
Reportable segment profit before tax	5,085	4,539	9,418	6,134	(26)	94	14,477	10,767
Interest revenue	630	819	670	405	8	8	1,308	1,232
Interest expenses	(1,825)	(1,391)	(1,284)	(1,574)	(92)	(82)	(3,201)	(3,047)
Depreciation and amortisation	(18,110)	(14,923)	(9,032)	(8,750)	(184)	(145)	(27,326)	(23,818)
Reportable segment assets	158,204	146,189	78,034	73,974	5,646	4,870	241,884	225,033
Reportable segment liabilities	92,532	83,746	35,965	38,611	4,703	3,709	133,200	126,066

	2021	2020
Revenue		
Total revenue for reportable segments	106,952	94,919
Revenue for other segments	6,757	5,334
Reportable segment revenue	113,709	100,253
Elimination of inter-segment revenue	(11,361)	(9,134)
Consolidated revenue	102,348	91,119

Profit or loss		
Total profit or loss for reportable segments	14,503	10,673
Profit or loss for other segments	(26)	94
Reportable segment profit before tax	14,477	10,767
Elimination of inter-segment profit	(1,659)	(1,054)
Consolidated profit before tax	12,818	9,713

Information about reportable segments

	2021	2020
Assets		
Total assets for reportable segments	236,238	220,163
Assets for other segments	5,646	4,870
	241,884	225,033
Elimination of inter-segment assets	(21,943)	(20,577)
Consolidated total assets	219,941	204,456
Liabilities		
Total liabilities for reportable segments	128,497	122,357
Liabilities for other segments	4,703	3,709
	133,200	126,066
Elimination of inter-segment liabilities	(7,235)	(5,891)
Consolidated total liabilities	125,965	120,175

	Reportable segment totals	Adjustments	Consolidated totals
Other material items (2021)			
Interest revenue	1,308	-	1,308
Interest expense	(3,201)	179	(3,022)
Capital expenditure	25,959	-	25,959
Depreciation and amortisation	(27,326)	-	(27,326)
Other material items (2020)			
Interest revenue	1,232	-	1,232
Interest expense	(3,047)	145	(2,902)
Capital expenditure	14,618	-	14,618
Depreciation and amortisation	(23,818)	-	(23,818)

NOTES TO THE FINANCIAL STATEMENTS

6 REVENUE

The significant categories under which revenue is recognized are as follows:

	Group		Company	
	2021	2020	2021	2020
Release of deferred connection charges	291	292	291	292
Rental income	6,456	6,880	3,675	4,217
Domestic call revenue	21,132	21,295	2,932	3,012
Receipts from other network operators – Domestic	2,326	2,004	680	600
International call revenue	384	438	137	156
Receipts from other network operators – International	46	14	-	-
International settlements (in-payments)	9,908	8,692	7,264	6,226
CDMA revenue	26	152	26	152
Broadband revenue	36,226	27,095	18,745	12,496
Data and other services	25,553	24,257	26,061	24,401
	102,348	91,119	59,811	51,552

7 OPERATING COSTS

The following items have been included in arriving at operating profit:

	Group		Company	
	2021	2020	2021	2020
Staff costs (Note 7.1)	20,648	19,250	14,984	13,419
Directors' emoluments	89	48	77	40
Payments to international network operators	3,006	1,390	3,006	1,390
Payments to other network operators				
- international	1,112	1,326	853	910
- domestic	2,345	2,167	596	585
Int'l Telecommunication Operators Levy (Note 8)	1,228	1,563	490	700
Auditors' remuneration				
Audit - Ernst & Young	21	19	12	12
- Other auditors	-	-	-	-
Non-audit - Ernst & Young	3	6	3	2
- Other auditors	1	18	1	4
Repairs and maintenance expenditure	7,043	7,113	5,490	5,052
Provision for doubtful debts	1,757	1,297	1,201	944
Impairments / (reversals) of inventory	(43)	30	(55)	(10)
Impairment of property, plant and equipment (Note 14)	16	43	16	1
Other operating expenditure	23,952	21,399	11,691	10,078
Depreciation on property, plant and equipment	22,176	19,115	16,263	13,570
Depreciation on right of use assets	2,758	2,925	639	565
Amortization	2,392	1,778	1,208	788
	88,504	79,487	56,475	48,050

7.1 Staff costs

	Group		Company	
	2021	2020	2021	2020
Salaries, wages, allowances and other benefits	18,392	17,047	13,265	11,765
Post employment benefits				
- Defined contribution plans	1,567	1,479	1,171	1,060
- Defined benefit obligations (Note 28)	689	724	548	594
	20,648	19,250	14,984	13,419
Average number of persons employed:	8,769	8,929	6,683	6,005

8 REFUNDS ON TELECOMMUNICATION DEVELOPMENT CHARGE (TDC)

In accordance with the Finance Act No. 11 of 2004, all Telecommunication Gateway Operators are required to pay a levy defined as the Telecommunication Development Charge (TDC) to the Government of Sri Lanka, based on international call minutes terminated in the country. This levy was made effective from 03 March, 2003 where initially the levy was defined in such a way that Operators were allowed to claim the 2/3rd of the TDC against the costs of network development charges.

The TDC Refund received in 2014 corresponds to the period from April 2009 to July 2010 which was the last claim obtained under the respective regulation. As the said regulation was received with effect from July 2010 while eliminating the reimbursement process, the final claim requested from TRC applicable for the above period was received in year 2014.

First revision to this regulation was introduced with effect from 15 July, 2010 with an International Telecommunication Operators Levy (ITOL) TDC rate change from USD cents 3.80 to USD cents 1.50. Through the same revision, the disbursement process of TDC was removed from the regulation. As stated above the revised ITOL rate prevailed until such time the rate was revised to USD cents 3.00 per minute with effect from January 2012, in accordance with the Budget Proposal for 2012 and ITOL rate was further revised again to USD cents 6.00 per minute with effect from January 2016 in accordance with the Budget Proposal for 2016.

Mobitel (Private) Limited Recognises Telecommunications Development Charge (TDC) in profit or loss on a straight-line basis over 10 years, as disclosed in Note 35.

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%)

NOTES TO THE FINANCIAL STATEMENTS

9 INTEREST EXPENSE AND FINANCE COSTS CONTD.

9.a Foreign exchange (loss) / gain

	Group		Company	
	2021	2020	2021	2020
Net foreign exchange (loss) / gain	(482)	(1,203)	76	(727)

(a) Foreign exchange loss of the group mainly includes,

- i. Exchange gain of Rs. 86 Mn (2020 - of Rs. 69 Mn) arising from revaluation of the receivables, fixed deposits and bank balances maintained in USD
- ii. Exchange loss of Rs.302 Mn on payment to foreign suppliers (2020 - Rs. 422 Mn).
- iii. Exchange loss of Rs. 266 Mn (2020 - Rs. 850 Mn) arising from revaluation of USD syndicate loan and other term loans.

(b) Foreign exchange gain / (loss) of the company mainly includes,

- i. Exchange gain of Rs.252 Mn (2020 - Rs.34 Mn) arising from revaluation of receivables, fixed deposits and bank balances maintained in USD.
- ii. Exchange loss of Rs. 176 Mn on payment to foreign suppliers (2020 - Rs. 170 Mn).
- iii. Exchange loss of Rs. Nil (2020 - Rs. 591 Mn) arising from revaluation of USD syndicate loan.

10 INTEREST INCOME

	Group		Company	
	2021	2020	2021	2020
Interest income from:				
Repurchase agreement-Repurchase	301	101	9	-
Fixed deposits	731	513	346	202
Staff loan interest	276	618	275	617
	1,308	1,232	630	819

The interest income on bank deposits reflect the prevailing rates on the date of respective investments.

- (a) The weighted average interest rates on restricted funds in bank deposits 5.82% (2020 - 6.81%) and USD was 5.28 % (2020 - 5.21%) .The weighted average interest rate on bank deposits in Rupees was 6.03% (2020 - 7.31%).The weighted average interest on repurchase agreement -Repo was 5.92 (2020-Nil)
- (b) The weighted average interest on staff loans are between 10% and 15% (2020 - 10% and 15%) computed as per the provisions in the Sri Lanka Accounting Standards. The actual interest rates charged on the staff loans are between 6.24% and 7.20% (2020 – 6.24% and 7.20%)

11 INCOME TAX EXPENSES / REVERSALS

Tax recognized in statement of profit or loss

	Group		Company	
	2021	2020	2021	2020
Current tax expense				
Current year	2,744	1,654	1,588	734
Adjustments	(5)	46	-	76
Tax on dividends	208	140	208	140
	2,947	1,840	1,796	950
Deferred tax expense				
Origination and reversal of temporary differences (Note 24)	(753)	(399)	(1,161)	(824)
Recognition of tax credit	(262)	(615)	(262)	(615)
Tax losses	(2)	1,005	-	1,009
Rate change adjustments	(1,273)	-	(1,153)	-
	(2,290)	(9)	(2,576)	(430)
Tax expense / (reversal)	657	1,832	(780)	520

Tax recognized in other comprehensive income - Group

	2021			2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gain / (loss)	397	(150)	247	(473)	114	(359)
	397	(150)	247	(473)	114	(359)

Tax recognized in other comprehensive income - Company

	2021			2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gain / (loss)	169	(116)	53	(426)	119	(307)
	169	(116)	53	(426)	119	(307)

NOTES TO THE FINANCIAL STATEMENTS

11 INCOME TAX EXPENSES CONTD.

Reconciliation between income tax expenses and accounting profit

	Group		Company	
	2021	2020	2021	2020
Accounting profit before tax	12,818	9,713	5,085	4,539
Non - taxable receipts / gains	(1,489)	(1,074)	(1,489)	(1,074)
Exempt profit	(779)	-	(779)	-
Aggregate disallowable expenses	20,555	17,580	20,200	17,273
Aggregate allowable expenses	(16,350)	(14,007)	(16,402)	(13,663)
Utilization of tax losses	(109)	(3,714)	-	(3,599)
Current year tax losses not utilized	194	207	-	-
Taxable income	14,840	8,705	6,615	3,476
Income tax charged at ;				
Standard rate	1,640	770	1,588	734
Concessionary rate of 14%	29	-	-	-
Tax on dividend income 14%	208	140	208	140
Other rates	1,070	885	-	-
Tax on current year profits	2,947	1,795	1,796	874

The Company applied the revised rate of 24% and other amendments in line with the Inland Revenue Amendment Act No.10 of 2021 to calculate the income tax and deferred tax assets/liabilities as at 31st December 2021. Although these amendments were effective from 1st January 2020, both income tax and deferred tax assets/liabilities for the comparative period have been calculated at the rate of 28% and other amendments were not considered on the basis that they were not legally enacted in 2020.

Current income tax charge of the Group / Company is made up as follows:

	Group		Company	
	2021	2020	2021	2020
Sri Lanka Telecom PLC	1,796	874	1,796	874
Mobitel (Private) Limited	1,070	885	-	-
Sri Lanka Telecom (Services) Limited	-	-	-	-
SLT Human Capital Solutions (Private) Limited	8	-	-	-
SLT Digital Services (Private) Limited	-	-	-	-
SLT VisionCom (Private) Limited	37	36	-	-
Sky Network (Private) Limited	-	-	-	-
SLT Property Management (Private) Limited	-	-	-	-
SLT Campus (Private) Limited	29	-	-	-
Talentfort (Private) Limited	7	-	-	-
	2,947	1,795	1,796	874

- (a) Pursuant to agreements dated 15 January 1993 and 26 February 2001 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Act No. 4 of 1978, 15 years tax exemption period granted to Mobitel (Private) Limited expired on 30 June 2009 and as per the agreement, Mobitel (Private) Limited opted for the turnover based tax option in which 2% was charged on the turnover for a further period of 15 years commencing from 1 July 2009.

12 NET MOVEMENT ON CASH FLOW HEDGES

Movement of cash flow hedge reserve is given below:

	Group	Company
As at 1 January 2021	(30)	-
Net movement in cash flow hedges	30	-
As at 31 December 2021	-	-

The composition of the cash flow hedge reserve is given below:

	Group	Company
Recognition of loan impact under other comprehensive income	(30)	-
Recognition of revenue impact under other comprehensive income	30	-
As at 31 December 2021	-	-

Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The Group uses foreign currency-denominated borrowings to manage some of its transaction exposures. The primary risks managed using hedging activities is the foreign currency risk.

The Group's risk management strategy and how it is applied to manage foreign currency risk are explained in Note 4.3.1.

There is an economic relationship between the hedged items and the hedging instruments as there is an opposite relationship between currency inflows for services settled in foreign currencies which are generated from day-to-day business operations and currency outflows for repayments of foreign currency loans which are on fixed terms.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- > Differences in the timing of the cash flows of the hedged items and the hedging instruments
- > Changes to the forecasted amount of cash flows of hedged items and hedging instruments

13 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2021	2020	2021	2020
Net profit attributable to equity holders (Rs. Mn)	12,155	7,877	5,865	4,019
Weighted average number of ordinary shares in issue (million)	1,805	1,805	1,805	1,805
Earnings per share (Rs.)				
- Basic	6.73	4.37	3.25	2.23

Diluted EPS is the same as computed above as the company does not have any instrument that will potentially dilute the share holdings.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT Systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2020	367	4,869	143,783	29,393	103,750	17,785	2,858	14,591	49,176	366,572
Reclassification	-	-	-	-	-	2,813	(192)	(2,621)	-	-
Additions at cost	-	34	186	1	1,758	800	34	302	13,352	16,467
Transfers from capital work-in-progress	-	1,284	13,944	1,501	9,653	867	-	246	(27,495)	-
Transferred to right-of-use-assets	-	-	-	-	-	-	-	(219)	-	(219)
Disposals	-	-	(115)	-	(2)	(66)	(90)	(90)	-	(363)
Transfers	-	-	-	-	(643)	-	-	-	-	(643)
As at 31 December 2020	367	6,187	157,798	30,895	114,516	22,199	2,610	12,209	35,033	381,814
Accumulated depreciation										
As at 1 January 2020	-	(2,490)	(107,807)	(23,189)	(67,461)	(12,504)	(2,707)	(9,782)	-	(225,940)
Reclassification	-	9	(9)	-	-	(2,002)	148	1,854	-	-
Accumulated depreciation on disposals	-	-	100	-	1	64	79	82	4	330
Transferred to right-of-use-assets	-	-	-	-	-	-	-	162	-	162
Impairment loss	-	-	-	-	-	(1)	-	-	(42)	(43)
Depreciation charge	-	(291)	(7,292)	(1,805)	(7,075)	(2,058)	(63)	(531)	-	(19,115)
As at 31 December 2020	-	(2,772)	(115,008)	(24,994)	(74,535)	(16,501)	(2,543)	(8,215)	(38)	(244,606)
Carrying value as at 31 December 2020	367	3,415	42,790	5,901	39,981	5,698	67	3,994	34,995	137,208

14.1 Group

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT Systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2021	367	6,187	157,798	30,895	114,516	22,199	2,610	12,209	35,033	381,814
Additions at cost	-	-	90	-	1,407	1,323	93	672	24,963	28,548
Transfers from capital work-in-progress	-	334	18,736	77	8,545	1,421	-	189	(29,302)	-
Disposals at cost	-	-	(154)	-	(1,543)	(540)	(155)	(55)	-	(2,447)
Adjustments at cost	-	(24)	(342)	-	-	(148)	-	-	-	(514)
Assets classified as held for sale (Note 22)	-	(1,087)	-	-	-	-	-	(260)	-	(1,347)
As at 31 December 2021	367	5,410	176,128	30,972	122,925	24,255	2,548	12,755	30,694	406,054
Accumulated depreciation										
As at 1 January 2021	-	(2,772)	(115,008)	(24,994)	(74,535)	(16,501)	(2,543)	(8,215)	(38)	(244,606)
Accumulated depreciation on disposals	-	-	154	-	1,602	538	145	51	-	2,490
Impairment loss	-	-	(3)	(12)	(1)	-	-	-	41	25
Depreciation charge	-	298	8,933	(1,124)	8,268	2,536	(57)	960	-	(22,176)
Accumulated depreciation for assets classified as held for sale (Note 22)	-	38	-	-	-	-	-	112	-	150
As at 31 December 2021	-	(3,032)	(123,790)	(26,130)	(81,202)	(18,499)	(2,455)	(9,012)	3	(264,117)
Carrying value as at 31 December 2021	367	2,378	52,338	4,842	41,723	5,756	93	3,743	30,697	141,937

14.1 Company

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT Systems	Motor vehicles	Other fixed assets	Capital work-in- progress	Total
Cost										
As at 1 January 2020	367	4,575	143,783	29,393	40,369	17,753	2,493	9,516	34,667	282,916
Additions at cost	-	-	186	1	52	531	34	48	9,860	10,712
Transfers from capital work-in-progress	-	516	13,944	1,501	401	867	-	238	(17,467)	-
Disposals at cost	-	-	(115)	-	-	(33)	(74)	(1)	-	(223)
Cost of assets impaired	-	-	-	-	(643)	-	-	-	-	(643)
As at 31 December 2020	367	5,091	157,798	30,895	40,179	19,118	2,453	9,801	27,060	292,762
Accumulated depreciation										
As at 1 January 2020	-	(2,482)	(107,816)	(23,189)	(24,706)	(12,486)	(2,413)	(6,024)	-	(179,116)
Accumulated depreciation on disposals	-	-	100	-	-	31	63	-	-	194
Impairment loss	-	-	-	-	-	(1)	-	-	-	(1)
Depreciation charge	-	(253)	(7,292)	(1,805)	(2,178)	(1,680)	(55)	(307)	-	(13,570)
As at 31 December 2020	-	(2,735)	(115,008)	(24,994)	(26,884)	(14,136)	(2,405)	(6,331)	-	(192,493)
Carrying value as at 31 December 2020	367	2,356	42,790	5,901	13,295	4,982	48	3,470	27,060	100,269

14.1 Company

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT Systems	Motor vehicles	Other fixed assets	Capital work-in- progress	Total
Cost										
As at 1 January 2021	367	5,091	157,798	30,895	40,179	19,118	2,453	9,801	27,060	292,762
Additions at cost	-	-	90	-	131	399	21	584	21,153	22,378
Transfers from capital work-in-progress	-	334	18,736	77	1,237	1,421	-	185	(21,990)	-
Disposals at cost	-	-	(154)	-	-	(139)	(105)	(7)	-	(405)
Adjustments at cost	-	(24)	(342)	-	-	(148)	-	-	-	(514)
Cost of assets impaired	-	-	-	-	-	-	-	-	-	-
As at 31 December 2021	367	5,401	176,128	30,972	41,547	20,651	2,369	10,563	26,223	314,221
Accumulated depreciation										
As at 1 January 2021	-	(2,735)	(115,008)	(24,994)	(26,884)	(14,136)	(2,405)	(6,331)	-	(192,493)
Accumulated depreciation on disposals	-	-	154	-	-	139	105	7	-	405
Impairment loss	-	-	(3)	(12)	(1)	-	-	-	-	(16)
Depreciation charge	-	(289)	(8,933)	(1,124)	(3,005)	(2,082)	(39)	(782)	-	(16,263)
As at 31 December 2021	-	(3,033)	(123,790)	(26,130)	(29,890)	(16,079)	(2,339)	(7,106)	-	(208,367)
Carrying value as at 31 December 2021	367	2,368	52,338	4,842	11,657	4,572	30	3,457	26,223	105,854

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT CONTD.

- (a) On 1 September 1991, the Department of Telecommunications (DoT) transferred its entire telecommunications business and related assets and liabilities to SLT. A valuation of the assets and liabilities transferred to SLT was performed by the Government of Sri Lanka. The net amount of those assets and liabilities represents SLT's Contributed Capital on incorporation and the value of property, plant and equipment as determined by the Government of Sri Lanka. Valuers were used to determine the opening cost of fixed assets on 1 September 1991 in the first statutory accounts of SLT. Further, SLT was converted into a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 and on that date, all business and the related assets and liabilities of SLT were transferred to SLTL as part of the privatisation process.
- (b) The cost of fully depreciated assets still in use in the company as at 31 December 2021 was Rs 143,682 Mn (2020 - Rs 133,464 Mn). The cost of fully depreciated assets still in use in the Group as at 31 December 2021 was Rs 163,487 Mn (2020 - Rs 157,927 Mn).
- (c) No assets have been mortgaged or pledged as security for borrowings of the Group.
- (d) The number of buildings as at 31 December 2021, is 1,200 (2020 -1,186)
- (e) All the motor vehicles have been insured. An insurance reserve has been created together with a sinking fund investment to meet any potential losses with regard to uninsured property, plant and equipment. At the reporting date, the insurance reserve amounted to Rs 1,105 Mn (2020 - Rs 1,044 Mn) (Note 29).
- (f) Impairment of assets mainly consists of the carrying value of CDMA assets Rs. 16 Mn (2020 - Rs. 1 Mn on IT system)
- (g) The capital work-in-progress related to network equipment of the Group is Rs 19,258 Mn (2020 -Rs 21,077 Mn) and the Company is Rs 14,162 Mn (2020 -Rs 13,112 Mn)
- (h) The company capitalized borrowing costs amounting to Rs. 1,766 Mn during the year (2020 - Rs 3,711 Mn). Borrowing cost capitalized from a Group perspective amounted to Rs. 1,766 Mn (2020 - Rs. 3,711 Mn)

- (i) Property, plant and equipment include submarine cables. The total cost and accumulated depreciation of all cables under this category as follows;

	Group/Company	
	2021	2020
Cost	12,380	11,988
Accumulated depreciation at 1 January	(6,376)	(6,063)
Depreciation charge for the year	(354)	(313)
Carrying amount	5,650	5,612

14 (a) RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of land and buildings, E1 links and towers used in its operations. Leases of land and Buildings generally have lease terms between 1 to 2 years while Leases of towers generally have lease terms between 2 to 3 years. The Group's obligations under its leases are secured by the lessor's title to the leases assets. Generally the Group is restricted from assigning and sub leasing the leased assets.

The Group also has certain leases of towers or tower spaces with low value.

- i) Set out below are the **carrying amounts of right-of-use-assets** recognised and the movements during the year.

Group	Land and Buildings	Towers	Others	Total
As at 01 January 2021	5,841	2,873	36	8,750
Classification change	(197)	197	-	-
Additions	408	868	3	1,279
Disposals/Adjustments	(78)	(40)	-	(118)
Depreciation expense	(1,029)	(1,067)	-	(2,096)
As at 31 December 2021	4,945	2,831	39	7,815

Company	Land and Buildings	Towers	Total
As at 01 January 2021		55	78
Additions		-	1,366
Depreciation expense		(31)	(639)
As at 31 December 2021		24	805

NOTES TO THE FINANCIAL STATEMENTS

14 (a) RIGHT OF USE ASSETS AND LEASE LIABILITIES CONTD.

ii) Set out below are the carrying amounts of Lease Liabilities recognised and the movements during the year.

	Group	
	2021	2020
As at 01 January	9,658	10,749
Additions	1,380	1,152
Disposals/Adjustments	(80)	(475)
Accretion of interest	1,029	1,184
Payments	(2,791)	(2,952)
As at 31 December	9,196	9,658
Non-current	6,823	7,377
Current	2,373	2,281
	9,196	9,658

	Company	
	2021	2020
As at 01 January	85	544
Additions	1,366	129
Accretion of interest	67	40
Payments	(689)	(628)
As at 31 December	829	85
Non-current	613	27
Current	216	58
	829	85

iii) Following are the amounts recognised in Profit or Loss;

	Group	
	2021	2020
Depreciation expense of right of use asset	2,096	2,217
Interest expense on lease liabilities	1,030	1,184
Leases of low value	35	55
Total amount recognised in profit or loss	3,161	3,456

	Company	
	2021	2020
Depreciation expense of right of use asset	639	565
Interest expense on lease liabilities	67	40
Leases of low value	35	55
Total amount recognised in profit or loss	741	660

Sensitivity analysis	ROU Asset	Lease liability
Sensitivity to discount rate/Incremental borrowing rate - Group		
Increase by 1%	(26)	(23)
Decrease by 1%	26	23
Sensitivity to discount rate/Incremental borrowing rate - Company		
Increase by 1%	(17)	(14)
Decrease by 1%	17	14

15 INTANGIBLE ASSETS

Group

	Goodwill	Licences	Software	Others	Total
Cost					
As at 01 January 2020	804	10,136	4,219	558	15,717
- Acquisitions	-	776	1,655	46	2,477
As at 31 December 2020	804	10,912	5,874	604	18,194
As at 01 January 2021	804	10,912	5,874	604	18,194
- Acquisitions	-	1,047	1,066	24	2,137
- Assets classified as held for sale (Note 22)	-	-	(33)	-	(33)
As at 31 December 2021	804	11,959	6,907	628	20,298
Accumulated amortisation					
As at 01 January 2020	253	4,555	3,146	347	8,301
- Amortisation	-	966	782	30	1,778
As at 31 December 2020	253	5,521	3,928	377	10,079
As at 01 January 2021	253	5,521	3,928	377	10,079
- Amortisation	-	1,270	1,102	35	2,407
- Accumulated amortization of assets classified as held for sale (Note 22)	-	-	(15)	-	(15)
As at 31 December 2021	253	6,791	5,015	412	12,471
Carrying amounts					
December 2021	551	5,168	1,892	216	7,827
December 2020	551	5,391	1,946	227	8,115

The goodwill in the Group consists of goodwill arising on acquisition of Mobitel (Private) Limited and eChannelling PLC.

NOTES TO THE FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS CONTD.

Goodwill is allocated to the Group's Cash-Generating Units (CGUs). A summary of the goodwill allocation is presented below:

	2021	2020
Mobitel (Private) Limited	141	141
eChannelling PLC	410	410
Total	551	551

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre - tax cash flow projections, based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	2021 %	2020 %
Growth rate	8.7	7.4
Discount rate	16	13

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. No impairment charge has been recognized for the year ended 31 December 2021 for the above CGU (2020 - Rs Nil).

Company

	Licences	Software	Others	Total
Cost				
As at 01 January 2020	1,817	2,402	330	4,549
- Acquisitions	643	1,650	-	2,293
As at 31 December 2020	2,460	4,052	330	6,842
As at 01 January 2021	2,460	4,052	330	6,842
- Acquisitions	655	729	-	1,384
As at 31 December 2021	3,115	4,781	330	8,226
Accumulated amortisation				
As at 01 January 2020	1,084	1,984	330	3,398
- Amortisation	172	616	-	788
As at 31 December 2020	1,256	2,600	330	4,186
As at 01 January 2021	1,256	2,600	330	4,186
- Amortisation	351	857	-	1,208
As at 31 December 2021	1,607	3,457	330	5,394
Carrying amounts				
December 2021	1,508	1,324	-	2,832
December 2020	1,204	1,452	-	2,656

16 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

16.1 Investments in subsidiaries

	2021	2020
As at 01 January	14,821	14,821
Assets classified as held for sale	(390)	-
As at 31 December	14,431	14,821

Details of the subsidiary companies in which the Company had control as at 31 December are set out below:

Name of company	2021		2020	
	Investment Rs. Mn	Company holding %	Investment Rs. Mn	Company holding %
Mobitel (Private) Limited [See Note (a) below]	13,980	100	13,980	100
SLT VisionCom (Private) Limited [See Note (b) below]	100	100	100	100
SLT Digital Info Services (Private) Limited [See Note (c) below]	50	100	50	100
Sri Lanka Telecom (Services) Limited [See Note (d) below]	300	99.99	300	99.99
SLT Human Capital Solutions (Private) Limited [See Note (e) below]	1	100	1	100
Sky Network (Private) Limited [See Note (f) below]	-	99.94	-	99.94
SLT Property Management (Private) Limited [See Note (g) below]	-	100	-	100
SLT Campus (Private) Limited [See Note (h) below]	390	100	390	100
	14,821		14,821	
Investment classified as held for sale -SLT Campus (Private) Limited (Note 22)	(390)		-	
	14,431		14,821	
Subsidiaries				
eChannelling PLC [See Note (i) below]	642		642	87.59
Talentfort (Private) Limited [See Note (j) below]	-		-	100.00

The Directors believe that the fair value of each of the companies listed above do not differ significantly from their book values.

- The Company owns 1,320,013,240 shares representing 100% of the entire ordinary share capital of Mobitel (Private) Limited.
- This investment in subsidiary company consists of 10,000,000 shares representing the entire stated capital of SLT VisionCom (Private) Limited.
- This investment in subsidiary company consists of 5,000,000 shares representing the entire stated capital of SLT Digital Info Services (Private) Limited.
- This investment in subsidiary company consists of 30,000,000 shares representing 99.99 % of stated capital of Sri Lanka Telecom (Services) Limited.

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES CONTD.

16.1 Investments in subsidiaries Contd.

- (e) This investment in subsidiary company consists of 50,000 shares representing the entire stated capital of SLT Human Capital Solutions (Private) Limited
- (f) This investment in subsidiary company consists of 42,071,251 shares representing a 99.94% holding of the issued stated capital and 6,000,000 12% cumulative and redeemable preference shares of Sky Network (Private) Limited. The investment is fully impaired.
- (g) This investment in subsidiary company consists of 1,500,001 shares representing the entire stated capital of SLT Property Management (Private) Limited. This investment is fully impaired.
- (h) This investment in sub subsidiary company consists of 39,000,001 shares representing the entire stated capital of SLT Campus (Private) Limited. This investment classified as Non current assets held for sale as per the 'SLFRS 5 - Non current assets held for sale and discontinued operations' as disclosed in note 22.
- (i) This investment in sub subsidiary company consists of 106,974,618 shares representing the 87.59% holding of the issued Share Capital of eChannelling PLC.
- (j) This investment in sub subsidiary company consists of 1 share representing the 100% holding of the issued share capital of Talentfort (Private) Limited.

16.2 Investments in associates

Galle Submarine Cable Depot (Private) Limited (GSCDPL) engages in the business of providing services related to storage of spare submersible plant for the repair and maintenance of submarine telecommunication cable systems under South East Asia Indian Ocean Cable Maintenance Agreement. The Company's 40% interest in GSCDPL is accounted for using the equity method in the Company's financial statements.

	Group/Company	
	2021	2020
As at 1 January	128	54
Share of profit from associate company	86	74
As at 31 December	214	128

17 OTHER INVESTMENTS

Current Investments

	Group		Company	
	2021	2020	2021	2020
Fixed deposits/Repo	8,310	3,666	8,288	3,646
	8,310	3,666	8,288	3,646

Fixed deposits in foreign currency with a carrying value of Rs. 7,056 Mn (2020 - Rs. 2,625 Mn) & Fixed deposits with a carrying value of Rs.1,131 Mn (2020 - Rs. 1,018 Mn) are restricted at bank. Fixed Deposit with carrying value of Rs. 3 Mn (2020 - Rs. 3 Mn) is in local currency. Repo with a carrying value of Rs. 98 Mn (2020 - Nil) is in local currency.

	Group		Company	
	2021	2020	2021	2020
Fixed deposits - Restricted at bank	5.82	6.81	5.82	6.81
Fixed Deposits - LKR	5.80 - 6.25	12.00	5.80 - 6.25	5.80 - 9.83
Fixed Deposits - USD	5.28	4.51	5.28	5.21
Repurchase agreement-Repo	5.93	-	5.92	-

The Group's exposure to credit and market risk and fair value information related to other investment are disclosed in Note 4.

18 OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
Employee loans non-current	2,672	2,748	2,657	2,732
Employee loans current	703	706	701	704
	3,375	3,454	3,358	3,436
Employee loans	3,194	3,276	3,177	3,258
Prepaid staff cost	181	178	181	178
	3,375	3,454	3,358	3,436
Prepaid staff cost 1 January	178	156	178	156
Additions	61	434	61	434
Amortization	(58)	(412)	(58)	(412)
Prepaid staff cost at 31 December	181	178	181	178

The Group provides loans to employees at concessionary rates. These employee loans are fair valued at initial recognition using level 2 inputs. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for similar loans.

The difference between the cost and fair value of employee loans is recognised as prepaid staff cost and the amount is recognised in the statement of profit or loss for 2021 was Rs. 58 Mn (2020 - Rs. 412 Mn). This amount is recognised in the statement of profit or loss under salaries, wages, allowances and other benefits.

19 INVENTORIES

	Group		Company	
	2021	2020	2021	2020
Customer premises equipment	1,649	2,754	1,649	2,215
Cable and networks	519	596	400	867
Other consumables	1,286	893	710	372
	3,454	4,243	2,759	3,454
Provision for change in carrying value of inventories	(765)	(876)	(720)	(820)
As at 31 December	2,689	3,367	2,039	2,634

(a) Inventories include telecommunication hardware, consumables and office stationery. Inventory is stated net of provisions for slow-moving and obsolete items.

NOTES TO THE FINANCIAL STATEMENTS

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)

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
Cash at bank and in hand	1,811	1,937	1,615	1,041
Fixed deposits	10,325	6,930	-	-
Repurchase agreements - Repo	5,836	2,999	-	-
	17,972	11,866	1,615	1,041

21.a For cash flow purpose:

Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
Cash and cash equivalents	17,972	11,866	1,615	1,041
Bank overdrafts	(1,742)	(1,885)	(1,261)	(1,453)
	16,230	9,981	354	(412)

22 DIVESTMENT OF SLT CAMPUS (PVT) LTD

On 14 December 2021, the Group publicly announced the decision of its Board of Directors to sell SLT Campus (Pvt) Ltd, a 100% owned subsidiary. On 14 December 2021, the shareholders of the Company approved the plan to sell. On 25 January 2022, Sri Lanka Telecom PLC transferred Twenty-One Million and One (21,000,001) Ordinary Shares and Eighteen Million (18,000,000) Redeemable Cumulative Preference Shares representing one hundred per centum (100%) of the total issued shares of the SLT Campus (Private) Limited worth Rs. 390,000,010 to Tempest Two (Private) Limited for a total purchase consideration of Rs. 410,000,000.

As at 31 December 2021, SLT Campus (Pvt) Ltd was classified as a disposal group held for sale. The business of SLT Campus (Pvt) Ltd represented a part of the Group's other operating segment. The major classes of assets and liabilities of SLT Campus (Pvt) Ltd classified as held for sale as at 31 December 2021 are presented below:

Assets classified as held for sale

	Group		Company	
	2021	2020	2021	2020
Property, plant and equipment	1,197	-	-	-
Intangible assets	18	-	-	-
Investments in subsidiaries	-	-	390	-
Right of use asset	10	-	-	-
Deferred tax assets	25	-	-	-
Inventories	1	-	-	-
Trade and other receivables	272	-	-	-
Cash and cash equivalents	22	-	-	-
	1,545	-	390	-

Liabilities directly associated with assets held for sale

	Group		Company	
	2021	2020	2021	2020
Borrowings	1,035	-	-	-
Lease liability	14	-	-	-
Deferred tax liabilities	24	-	-	-
Employee benefits	18	-	-	-
Trade and other payables	290	-	-	-
Current tax liabilities	29	-	-	-
	1,410	-	-	-

The group has not recognised the divestment of SLT Campus (Pvt) Ltd. as a discontinued operation since it is not a major line of business or geographical area of operations as per SLFRS 5 - Non current assets held for sale and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

23 BORROWINGS

	Group		Company	
	2021	2020	2021	2020
Current (due within one year)				
Bank overdrafts	1,742	1,885	1,261	1,453
Bank borrowings and others [See Note 23 (e) below]	7,006	7,628	5,991	5,659
Finance lease liabilities	4	5	4	5
	8,752	9,518	7,256	7,117
Non-current (due after one year)				
Bank borrowings and others [See Note 23 (e) below]	37,820	45,519	35,790	40,855
Finance lease liabilities	17	20	17	20
	37,837	45,539	35,807	40,875
Total borrowings	46,589	55,057	43,063	47,992

(a) The interest rate exposure of the borrowings of the Group and the Company were as follows:

	Group		Company	
	2021	2020	2021	2020
At fixed rates	9,208	10,368	9,208	10,045
At floating rates	37,381	45,006	33,855	37,947
	46,589	55,057	43,063	47,992

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2021	2020	2021	2020
Foreign currency	3,211	5,993	-	-
Local currency	43,378	49,064	43,063	47,992
	46,589	55,057	43,063	47,992

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Average effective interest rates:				
- bank overdrafts	5.53 - 12.00	7.54 - 12.00	5.53	7.54
- bank borrowings (USD loans)	LIBOR+1.95%	LIBOR+1.9%	-	4.00
- bank borrowings (LKR loans)	6.98	10.16	6.98	10.16
- debenture	12.75	12.75	12.75	12.75
- lease liabilities	11.00-13.00	10.00-12.50	12.50	12.50

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2021	2020	2021	2020
Maturity of non-current borrowings : (excluding finance lease liabilities)				
- between 1 and 2 years	8,246	10,670	6,190	6,820
- between 3 and 5 years	17,174	22,124	17,200	21,310
- over 5 years	12,400	12,725	12,400	12,725
	37,820	45,519	35,790	40,855

(d) Movement of the borrowings is given below - Group

	Borrowings	Bank overdraft	Lease liabilities	Total
As at 1 Jan 2021	53,464	1,885	25	55,374
- Additions during the year	5,779	29,735	-	35,514
- Net repayment during the year	(13,530)	(29,730)	(4)	(43,264)
- Liabilities directly associated with assets held for sale	(887)	(148)	-	(1,035)
	44,826	1,742	21	46,589

Movement of the borrowings is given below - Company

	Borrowings	Bank overdraft	Lease liabilities	Total
As at 1 Jan 2021	46,514	1,453	25	47,992
- Additions during the year	5,750	29,412	-	35,162
- Net repayment during the year	(10,483)	(29,604)	(4)	(40,091)
	41,781	1,261	21	43,063

- (e) During the year company, drew down Rs. 5,750 Mn from the term loan and short term loans in Rupees.
- (f) The loan covenants include submission of audited financial statements to the lenders within a specified period from the financial year end, maintainance of covenant ratios and to maintain adequate accounting records in accordance with Sri Lanka Accounting Standards.
- (g) The Directors believe that the Company and the Group will have sufficient funds available to meet its present loan commitments.
- (h) Lease liabilities of the Company and the Group are effectively secured by the lessor against the rights to the title of the asset.
- (i) Bank borrowings and supplier credits of Mobitel (Private) Limited. a subsidiary of the Company, are secured, interalia, by corporate guarantees given by the Company.
- (j) Facilities amounting to Rs. 960 Mn (2020 - Rs. 960 Mn) for SLT Campus (Pvt) Ltd., to working capital requirement, hostel and academic building project.

Above facilities were settled in full by SLT Campus and relevant corporate guarantees were cancelled in January 2022.

NOTES TO THE FINANCIAL STATEMENTS

24 DEFERRED TAX LIABILITIES AND ASSETS

Recognized deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided under the liability method using a principal tax rate of 24% (for the year 2020 - 28%).

The movement in the deferred tax account is as follows:

	Group		Company	
	2021	2020	2021	2020
As at 1 January	7,172	7,276	6,936	7,485
Other adjustments	(5)	19	-	-
Release to statement of comprehensive income (Note 11)	(2,289)	(9)	(2,576)	(430)
Release to statement of other comprehensive income (Note 11)	150	(114)	116	(119)
Deferred tax related to divestments	24	-	-	-
Claim of deferred tax asset	394	-	394	-
As at 31 December	5,446	7,172	4,870	6,936

The amounts shown in the statement of financial position represents the following:

	Group		Company	
	2021	2020	2021	2020
Deferred tax liabilities - Non current	5,627	7,346	4,870	6,936
Deferred tax liabilities - Current	11	11	-	-
Deferred tax assets	(181)	(185)	-	-
	5,457	7,172	4,870	6,936

The taxable and deductible temporary differences mainly arise from property, plant and equipment, deferred income, provision for defined benefit obligations and other provisions.

Deferred tax assets and liabilities of the Group are attributable to the following:

Group	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	-	-	11,454	11,950	11,454	11,950
Defined benefit obligations	(613)	(746)	-	-	(613)	(746)
Provisions	(2,488)	(2,316)	-	-	(2,488)	(2,316)
Deferred income	(584)	(595)	-	-	(584)	(595)
Tax losses	(613)	(556)	-	-	(613)	(556)
Tax credit	(482)	(615)	-	-	(482)	(615)
Rate change adjustment	(1,273)	-	-	-	(1,273)	-
Other adjustments	-	-	56	50	56	50
Tax (assets) liabilities before set off	(6,053)	(4,828)	11,510	12,000	5,457	7,172
Set off of tax	6,053	4,828	(6,053)	(4,828)	-	-
Net tax (assets) liabilities	-	-	5,457	7,172	5,457	7,172

Movement in deferred tax balances during the year-Group

	Balance 1 January 2020	Recognised comprehensive income	Recognised in other comprehensive Income	Balance 31 December 2020	Recognized in profit or loss	Recognized in other comprehensive income	Deffered tax related to divestments	Balance 31 December 2021
Property, plant and equipment	12,483	(533)	-	11,950	(495)	-	-	11,454
Defined benefit obligations	(687)	55	(114)	(746)	(17)	150	-	(613)
Provisions	(2,322)	6	-	(2,316)	(172)	-	-	(2,488)
Deferred income	(668)	73	-	(595)	11	-	-	(584)
Tax losses	(906)	1,005	-	99	(3)	-	-	96
Adjustment to tax losses	(655)	-	-	(655)	(55)	-	-	(710)
Tax credit	-	(615)	-	(615)	(262)	-	-	(877)
Tax credit claimed	-	-	-	-	-	-	-	394
Deffered tax related to divestments	-	-	-	-	(24)	-	24	-
Rate change adjsutment	-	-	-	-	(1,273)	-	-	(1,273)
Other adjustments	31	-	-	50	-	-	-	56
	7,276	(9)	(114)	7,172	(2,290)	150	24	5,457

Deferred tax assets and liabilities of the Company are attributable to the following:

Company	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	-	-	10,612	11,562	10,612	11,562
Defined benefit obligations	(609)	(705)	-	-	(609)	(705)
Provisions	(2,419)	(2,217)	-	-	(2,419)	(2,217)
Deferred income	(584)	(595)	-	-	(584)	(595)
Tax loss	(494)	(494)	-	-	(494)	161
Tax credit	(483)	(615)	-	-	(483)	(615)
Rate change adjustment	(1,153)	-	-	-	(1,153)	(655)
Tax (assets) liabilities before set off	(5,742)	(4,626)	10,612	11,562	4,870	6,936
Set off of tax	5,742	4,626	(5,742)	(4,626)	-	-
Net tax (assets) liabilities	-	-	4,870	6,936	4,870	6,936

NOTES TO THE FINANCIAL STATEMENTS

24 DEFERRED TAX LIABILITIES AND ASSETS CONTD.

Movement in deferred tax balances during the year - Company

	Balance 1 January 2020	Recognized in comprehensive income	Recognized in other comprehensive Income	Recognised directly in equity	Balance 31 December 2020	Recognized in profit or loss	Recognized in other comprehensive income	Balance 31 December 2021
Property, plant and equipment	12,483	(921)	-	-	11,562	(950)	-	10,612
Defined benefit obligations	(596)	10	(119)	-	(705)	(20)	116	(609)
Provisions	(2,232)	15	-	-	(2,217)	(202)	-	(2,419)
Deferred income	(668)	73	-	-	(595)	11	-	(584)
Tax losses	(847)	1,008	-	-	161	-	-	161
Adjustment to tax loss	(655)	-	-	-	(655)	-	-	(655)
Tax credit	-	(615)	-	-	(615)	(262)	-	(877)
Claimed from tax credit	-	-	-	-	-	-	-	394
Rate change adjustment	-	-	-	-	-	(1,153)	-	(1,153)
	7,485	186	(119)	-	6,936	(2,576)	116	4,870

Tax credits

The Company has recognised tax credits for the year ended 31 December 2021 Rs. 262 Mn (2020 - Rs. 615 Mn).

25 DEFERRED INCOME

- > The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognized on an annual basis irrespective of the date of connection.
- > Revenue from the sale of prepaid credit and Internet is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.
- > Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognized on a straight line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue.
- > IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity is recognized on a straight line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortized deferred revenue is recognized in the period the contract is terminated.

	Group		Company	
	2021	2020	2021	2020
At the end of the year				
Representing deferred income - Non-current	1,666	1,832	1,666	1,832
Representing deferred income - Current	3,924	2,812	383	240
	5,590	4,644	2,049	2,072

25 (a) Contract assets

The contract asset movements are provided below:

	Group	Company
Balance as at 1 January 2021	1,338	252
Additions	1,782	205
Amortisations	(1,264)	(60)
Balance as at 31 December 2021	1,856	397

	Group		Company	
	2021	2020	2021	2020
At the end of the year				
Representing contract assets - Non-current	878	560	233	155
Representing contract assets - Current	978	778	164	97
	1,856	1,338	397	252

25 (b) Contract liabilities

As per SLFRS 15 revenue is recognized when the individual performance obligations specified in a contract are satisfied. The total consideration received or receivable has been allocated between separate performance obligations based on the relative stand-alone selling price.

The figure shows the contract liabilities due to unsatisfied performance obligations as at 31 December 2021.

	Group	Company
Opening adjustment 1 January 2021	1,402	1,144
Additions	1,245	943
Amortisations	(605)	(332)
Balance as at 31 December 2021	2,042	1,755

	Group		Company	
	2021	2020	2021	2020
At the end of the year				
Representing contract liabilities - Non-current	1,071	660	1,071	660
Representing contract liabilities - Current	971	742	684	484
	2,042	1,402	1,755	1144

NOTES TO THE FINANCIAL STATEMENTS

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
Amounts due within one year				
Domestic trade payables	5,941	5,846	164	180
Foreign trade payables	3,438	1,979	1,303	1,157
Amount due to subsidiaries [Note 34.1 (h)]	-	-	4,087	2,798
Amount due to related companies [Note 34.2 (b)]	121	121	121	121
Capital expenditure payables [See Note (a) below]	11,985	7,999	7,040	3,242
Social security and other taxes [See Note (b) below]	574	1,039	548	601
Interest payable	20	71	-	-
Other payables [See Note (c) below]	13,526	13,550	9,542	9,032
	35,605	30,605	22,805	17,131
Amounts due after one year				
International direct dialling and VoIP deposits	253	273	253	273
Advance on RDA	674	769	674	769
Unclaimed dividend	244	244	244	244
Domestic trade payables	750	893	-	-
Capital expenditure payables	4,644	2,430	4,112	1,907
	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).

27 VENDOR FINANCING

	Group		Company	
	2021	2020	2021	2020
Non-current (due after one year)	5,987	922	5,961	762
Current (due within one year)	311	157	171	-
	6,298	1,079	6,132	762

(a) The interest rate exposure of the vendor financing of the Group and the Company were as follows:

	Group		Company	
	2021	2020	2021	2020
At floating rates	6,298	1,079	6,132	762
	6,298	1,079	6,132	762

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2021	2020	2021	2020
Local currency	6,298	1,079	6,132	762
	6,298	1,079	6,132	762

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
Average effective interest rates:				
SLT	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.
Mobitel	LIBOR+ 4% p.a. & EURIBOR+ 2% p.a.	LIBOR+ 4% p.a. & EURIBOR+ 2% p.a.	-	-

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2021	2020	2021	2020
Maturity of non-current Vendor financing				
between 1 and 2 years	1,506	134	1,480	-
between 3 and 5 years	1,975	788	1,975	762
over 5 years	2,506	-	2,506	-
	5,987	922	5,961	762

NOTES TO THE FINANCIAL STATEMENTS

28 EMPLOYEE BENEFITS

	Group		Company	
	2021	2020	2021	2020
Total employee benefit liability as at 1 January	5,204	4,697	4,358	3,806
Movement in present value of employee benefit liabilities				
Current service cost	273	271	199	204
Interest cost	416	453	349	390
Actuarial (gain) / loss	(397)	473	(169)	426
Benefit paid during the year	(538)	(690)	(465)	(468)
Gratuity adjustment	5	-	-	-
Liabilities directly associated with assets held for sale	(6)	-	-	-
As at 31 December	4,957	5,204	4,272	4,358
Expenses recognised in the income statement				
Current service cost	273	271	199	204
Interest cost	416	453	349	390
	689	724	548	594
Recognised in other comprehensive income				
Actuarial (gain) / loss	(397)	473	(169)	426
	(397)	473	(169)	426

The principal actuarial assumptions used were as follows:

	Group		Company	
	2021	2020	2021	2020
Discount rate (long-term) - %	10.6 - 11.6	8.0-10.0	10.6	8.0
Future salary increases - %	7.0 -8.0	7.0-10.0	8.0	7.0
Expected average working life of employees - Years	11.7 -13.4	9.9-12.3	13.4	12.3
Retirement age of the employees - Years	55-60	55-60	55-60	55-60

In addition to above, demographic assumptions such as mortality, withdrawal, retirement age were considered for the actuarial valuation. In 2021, 1967/70 Mortality Table issued by the Institute of Actuaries London (2020 - 1967/70 Mortality Table) was taken as the base for the valuation.

The provisions for defined obligations of Sri Lanka Telecom PLC, SLT Digital Info Services (Private) Limited, Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Limited, SLT Visioncom (Private) Limited, Talentfort (Private) Limited and Mobitel (Private) Limited, are actuarially valued by Messrs Actuarial and Management Consultants (Private) Limited and Messrs Piyal S Goonetilleke and Associates respectively.

The provision for defined benefit obligations is not externally funded.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

The sensitivity of the statement of profit or loss and other comprehensive income and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate as depicted in the following table.

Sri Lanka Telecom PLC

2021	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
Discount rate (Change by 1%)	(199)	219	(199)	219
Salary increment rate (Change by 1%)	243	(224)	243	(224)

2020	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
Discount rate (Change by 1%)	(244)	216	(244)	216
Salary increment rate (Change by 1%)	(263)	238	(263)	238

Mobitel (Private) Limited

2021	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
Discount rate (Change by 1%)	(46)	53	(46)	53
Salary increment rate (Change by 1%)	62	(54)	62	(54)

2020	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
Discount rate (Change by 1%)	(46)	53	(46)	53
Salary increment rate (Change by 1%)	56	(50)	56	(50)

29 INSURANCE RESERVES

	Group / Company	
	2021	2020
As at 1 January	1,044	917
Trasfered to retained earnings	61	127
As at 31 Decemeber	1,105	1,044

As stated in Accounting Policy 3 (q) the Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment.

Management regularly monitors the charges made against the insurance reserve and the adequacy of the provision made.

NOTES TO THE FINANCIAL STATEMENTS

30 STATED CAPITAL

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

31 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2021	2020	2021	2020
Profit before tax	12,818	9,713	5,085	4,539
Adjustments for:				
Depreciation on property, plant and equipment (Note 7)	22,176	19,115	16,263	13,570
Depreciation on right of use assets (Note 7)	2,758	2,925	639	565
Amortisation of intangible assets (Note 7)	2,392	1,778	1,208	788
Provision of bad and doubtful debts (Note 7)	1,757	1,297	1,201	944
Impairment / (reversals) of inventory	(43)	30	(55)	(10)
Interest expense and finance costs (Note 9)	3,022	2,902	1,825	1,391
Foreign exchange loss / (gain) (Note 9.a)	482	1,203	(76)	727
Interest income (Note 10)	(1,308)	(1,232)	(630)	(819)
Connection fees less amortisation	946	(291)	(23)	(275)
Profit on sale of property, plant and equipment	(376)	(93)	(306)	(85)
Impairment of property plant and equipment (Note 7)	16	43	16	1
Share of profit from associate company (Note 16.2)	(86)	(74)	(86)	(74)
Provision for retirement benefit obligations (Note 28)	689	724	548	594
Net movement on cash flow hedges	-	501	-	471
SLFRS 15 adjustment	121	351	466	150
	45,364	38,892	26,075	22,477
Changes in working capital:				
- Receivables and prepayments	(1,520)	4,803	(1,876)	2,125
- Inventories	(549)	222	(620)	198
- Payables	7,451	(3,355)	7,834	(2,752)
- Assets classified as held for sale	(1,545)	-	-	-
- Liabilities directly associated with assets held for sale	1,410	-	-	-
Cash generated from operations	50,611	40,562	31,413	22,048

32 CAPITAL COMMITMENTS

The Group and the Company have purchase commitments in the ordinary course of business as at 31 December as follows:

	Group		Company	
	2021	2020	2021	2020
Property, plant and equipment				
- approved but not contracted	48,714	64,924	45,976	64,924
- approved and contracted	38,376	13,474	29,108	10,194
	87,090	78,398	75,084	75,118

Operating lease commitments

The maturity analysis of the future minimum lease payments and other commitment payments are as follows:

	Group		Company	
	2021	2020	2021	2020
Property, plant and equipment				
- Not later than 1 year	2,949	2,820	257	63
- Later than 1 year and not later than 5 years	11,216	13,007	668	30
	14,165	15,827	925	93

Above cash flows are the contractual gross and undiscounted cash flows and such undiscounted cash flows differ from the discounted amounts included in the Statement of Financial Position.

Other financial commitments

Except for any regular maintenance contracts entered into with third parties in the normal course of business, there are no other material financial commitments that requires separate disclosure.

33 CONTINGENCIES

- (a) Global Electroteks Limited initiated legal action under High Court Case No. 20/2006 claiming damages of USD 12 Mn. from Sri Lanka Telecom PLC ("SLT") for alleged unlawful disconnection of interconnection services. The order was given in favour of SLT in Commercial High Court on 12th June 2020 dismissing the application of Global Electroteks Limited. Subsequently, Global Electroteks Limited has appealed to the Supreme Court against the order.
- (b) 12/2008 CBCU, an inquiry by Sri Lanka Customs – A consignment of CDMA equipment was detained in October 2008 by the Customs Authority. Subsequently the equipment were cleared pending the Inquiry, based on a cash deposit and bank guarantee submitted by SLT. The Order was delivered in October 2014 imposing a mitigated forfeiture of LKR 1,820,502,062.00 on SLT. SLT has filed Case in Court of Appeal under CA/writ/387/2014 against this Order and interim order was issued by court on 9th March 2016, precluding Respondents from enforcing order dated 17th October 2014. In September 2020, the court of Appeal gave the judgement in favor of SLT and the order given by the Customs Authority was dismissed. However, the Custom Authority has appealed to the Supreme Court against the order. Next date 19 July 2022 support for leave.
- (c) Customs Case No. ADP/031/2009 – Goods valued at USD 996,785.65, which was imported under the last consignment of equipment for NGN Phase II expansion project, was detained by the Customs in May 2009. Subsequently, the equipment was cleared in July 2009. Pending the Inquiry. Presently awaiting the decision of the Customs Department.

NOTES TO THE FINANCIAL STATEMENTS

33 CONTINGENCIES CONTD.

(d) Debt Recovery Officers who were attached to SLT had filed legal proceedings in Labour Department (Labour Commissioner) and Labour Tribunal and number of proceeding initiated under each forum are 49 and 21 respectively. The relief claimed includes EPF, ETF and compensation with regard to proceedings initiated before the Labour Commissioner and includes re-instatement or compensation under the Proceedings before Labour Tribunal. An appeal bearing No. WR 232/2015 filed by SLT in the Court of Appeal was dismissing and SLT filed an appeal to Supreme Court bearing case no. SC(SPL)LA 02/2020 against the order in WR 232/2015. Special Leave to Appeal was obtained by SLT on 17th March 2021 in case no SC (SPL) LA 02/2020. The new Case No is SC/Appeal/41/2021. Case was re-fixed for argument on 11th July 2022.

In addition to the above referred cases, there are other claims by employees and third parties for damages and other relief. In the opinion of the Directors' none of these actions are likely to result in a material liability to the Company and its subsidiaries.

With regard to cases detailed above, pending the outcome of the appeals and hearings, no provisions have been recognized in the financial statements up to 31 December 2021.

The Company has provided guarantees on behalf of its Subsidiaries for following credit and trade finance facilities.

(i) Facilities amounting to Rs. 960 Mn (2020 - Rs 960 Mn) for SLT Campus (Pvt) Ltd., to working capital requirement, hostel and academic building project.

Above corporate guarantee on SLT Campus (Pvt) Ltd., was cancelled in January 2022.

With regard to cases detailed above, pending the outcome of the appeals and hearings, no provisions have been recognized in the financial statements up to 31 December 2021.

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party transaction takes place with a transfer of resources or obligations between related parties, regardless of whether a price is charged.

34.1

(a) Mobitel (Private) Limited

	Company	
	2021	2020
Sale of goods and services:		
Provision of E1 links	4,692	3,990
Interconnection charges	328	385
TDM, VOIP platform and transit	-	4
ERP rental	219	377
	5,239	4,756
Purchase of goods and services:		
Call charges on official mobile phone	88	95
Interconnection charges	818	938
Antenna tower space	387	391
Buliding rent	5	4
Data anchoring	364	-
	1,662	1,428

As per the TRC approval dated 19 May 2014, Mobitel is entitled to receive discounts if the Company uses more than 3500 E1 Links.

Further, Mobitel receives discounts on infrastructure services provided by Sri Lanka Telecom PLC. The Company has provided guarantees on behalf of Mobitel for the following loans and obligations.

(b) SLT Digital Info Services (Private) Limited

	Company	
	2021	2020
Sale of goods and services:		
Supply of services	45	58
Purchase of goods and services:		
Event management and other services	123	32

SLT Digital Info Services (Private) Limited provides event management services to SLT PLC. As per the agreement, SLT Digital Info Services (Private) Limited is entitled to receive a retainer for the services provided.

(c) Sri Lanka Telecom (Services) Limited

	Company	
	2021	2020
Sale of goods and services:		
Supply of services	19	4

(d) SLT Human Capital Solutions (Private) Limited

	Company	
	2021	2020
Sale of goods and services:		
Supply of services	3	3
Purchase of goods and services:		
Provision of manpower service	139	755

(e) SLT VisionCom (Private) Limited

	Company	
	2021	2020
Sale of goods and services:		
Supply of services	30	31
Purchase of goods and services:		
Service provisioning	2,958	1,526

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY TRANSACTIONS CONTD.

(e) SLT VisionCom (Private) Limited Contd.

Ad- insertion revenue:

Sri Lanka Telecom received an ad-insertion revenue from SLT VisionCom (Private) Limited amounting to Rs.Nil (2020 - Rs 11 Mn) SLT's share of revenue is based on the following percentages:

Advertisement on PEO TV - EPG	34%
Channel advertisement	17%

Service fees /Revenue share:

Sri Lanka Telecom PLC recognised 50% of IPTV revenue as revenue share payable to SLT Vision com (Private) Limited from 1 January 2021 amounted to Rs. 2,958 Mn (a unit rate based fee computed at the rate of Rs.65/- per cumulative billable subscriber was paid up to 30 June 2020 which amounted to Rs.188 Mn. Due to the model change, from 1 July 2020, 45% of IPTV revenue was recognised as revenue share payable to SLT Vision com (Private) Limited amounted to Rs. 1,174 Mn.

(f) SLT Campus (Private) Limited

	Company	
	2021	2020
Sale of goods and services:		
Supply of services	1	12

Facilities amounting to Rs. 960 Mn (2019 - Rs 960 Mn) for SLT Campus (Pvt) Ltd., to working capital requirement, hostel and academic building project.

Above corporate guarantee on SLT Campus (Pvt) Ltd., was cancelled in January 2022.

Supply of services provided for the above mentioned subsidiaries include Voice, Broadband, Data and providing building spaces.

(g) Fees for secondment of personnel and services provided to / by SLT PLC

	Company	
	2021	2020
SLT Digital Info Services (Private) Limited	41	49
SLT VisionCom (Private) Limited	29	20
Sri Lanka Telecom Services (Private) Limited	21	-
SLT Campus (Private) Limited	1	-
	92	69

(h) Outstanding balances arising from sale / purchase of services

	Company	
	2021	2020
Receivable from subsidiaries:		
Mobitel (Private) Limited	1,713	1,324
SLT Digital info Services (Private) Limited	44	19
SLT Human Capital Solutions (Private) Limited	8	2
SLT VisionCom (Private) Limited	66	42
Sri Lanka Telecom (Services) Limited	45	60
SLT Property Management (Private) Limited	39	29
SLT Campus (Private) Limited	111	111
Talentfort (Private) Limited	36	-
	2,062	1,587
Payables to subsidiaries:		
Mobitel (Private) Limited	1,511	1,060
SLT Digital info Services (Private) Limited	62	59
SLT Human Capital Solutions (Private) Limited	-	4
SLT VisionCom (Private) Limited	2,142	1,295
Sri Lanka Telecom (Services) Limited	354	380
Talentfort (Private) Limited	18	-
	4,087	2,798

34.2 Transactions with other related parties

a) Maxis Communications Berhad and its subsidiaries

	Group		Company	
	2021	2020	2021	2020
Sale of goods and services:				
International incoming traffic	39	96	39	71
	39	96	39	71
Purchase of goods and services:				
International outgoing traffic	-	8	-	-

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY TRANSACTIONS CONTD.

34.2 Transactions with other related parties Contd.

b) Outstanding balance arising from sale / purchase of services

	Group		Company	
	2021	2020	2021	2020
Receivable from related company:				
Maxis Communications Berhad and its subsidiaries	149	158	149	158
Payable to related company:				
Maxis Communications Berhad and its subsidiaries	121	121	121	121

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Group recognised provision for expected credit losses of Rs.Nil relating to amounts owed by related parties.(2020 - Nil)

(c) Government-related key institutions

The Government of Sri Lanka holds 49.5% of the voting rights of the Company as at 31 December 2020 through the secretary to the Treasury and those have significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Sri Lanka as a related party according to LKAS 24 'Related Party Disclosure'.

During the year ended 31 December 2021, the Company has carried out transactions with the Government of Sri Lanka and other Government related entities in the ordinary course of business.

The Company identified individually significant transactions with key Government related entities as given below:

- (i) Revenue from provision of telecommunication services during the year ended 31 December 2021 amounted to Rs. 5,200 Mn (2020- Rs. 6,881 Mn) and credit receivables as at 31 December 2021 amounted to Rs. 2,136 Mn (2020- Rs. 1,297 Mn)
- (ii) Deposits, repurchase agreements (Repo) and Borrowings of the Group at / from Government banks amounted to Rs. 8,288 Mn (2020 Rs. 3,646 Mn) and Rs. 29,716 Mn (2020 Rs. 31,848 Mn) as at 31 December 2021.
- (iii) Dividend payable to the Government amounting to Rs. 244 Mn (2020 - Rs 244 Mn)

The sales to and purchases from government related key institutions are made on terms equivalent to those that prevail in arm's length transactions.

34.3 Transactions with key management personnel

Key management personnel comprise the directors and chief officers of the company and the group

	Group		Company	
	2021	2020	2021	2020
Short term benefits	470	422	361	341
Post employment benefits	38	35	32	31
Salaries and other benefits	508	457	393	372

All transactions during the year and balances as at the reporting date between the following companies have been eliminated in preparing the consolidated financial statements:

- > Mobitel (Private) Limited
- > Sri Lanka Telecom (Services) Limited
- > SLT Digital info Services (Private) Limited
- > SLT Human Capital Solutions (Private) Limited
- > SLT VisionCom (Private) Limited
- > Sky Network (Private) Limited
- > SLT Property Mangement (Private) Limited
- > SLT Campus (Private) Limited
- > eChannelling PLC
- > Mobitel Technologies (Private) Limited
- > Talentfort (Private) Limited

Related party transactions disclosed above should be read in conjunction with Notes 16 to the financial statements.

35 NON-UNIFORM ACCOUNTING POLICIES

The impact of non-uniform accounting policies adopted by the subsidiary company has been adjusted in the consolidated financial statements as set out below:

Adjustment due to different accounting policies of the parent and the Group entity

- (a) Sri Lanka Telecom PLC accounts for refunds on Telecommunication Development Charge (TDC) on cash basis when the payment is received whereas Mobitel (Private) Limited recognises it in the statement of profit or loss and other comprehensive income on a straight line basis.

Therefore, the recognition of the refund by Mobitel (Private) Limited was eliminated and is recognised on cash basis in the consolidated accounts.

	Group impact	
	2021	2020
Reversal of deferred revenue recognized in statement of profit or loss and other comprehensive income by Mobitel (Private) Limited	(46)	(14)

- (b) Sri Lanka Telecom PLC recognises and measures property, plant and equipment based on cost model where as SLT Campus (Pvt) Limited has adopted revaluation model in the financial year 2019.

Therefore, the revaluation gain recognised by SLT Campus (Private) Limited and its underlying deferred tax impact was eliminated and the property, plant and equipment of SLT Campus (Private) Limited was recognised at cost in the consolidated accounts.

Reversal of revaluation gain and the underlying deferred tax impact recognised in statement of other comprehensive income by SLT Campus (Private) Limited in 2021 is Rs. 111 Mn (2020 - Rs. 111Mn).

NOTES TO THE FINANCIAL STATEMENTS

36 COMPARATIVES

The presentation and classification of following items in these financial statements are amended to ensure comparability with the current year for the purpose of fairer presentation.

Statement of profit or loss and other comprehensive income - Group

	Direct Cost	Administrative Costs
As reported previously for the year 2020	50,285	18,993
Revenue share on solution revenue	151	(151)
Current presentation for the year 2020	50,436	18,842

Statement of profit or loss and other comprehensive income - Company

	Direct costs	Administrative costs
As reported previously for the year 2020	29,011	14,319
Revenue share on solution revenue	151	(151)
Current presentation for the year 2020	29,162	14,168

Statement of financial position

Non current liabilities - Group

	Trade and other payables	Vendor financing	Borrowings
As reported previously as at 31 Dec 2020	5,371	-	45,684
Finance lease liabilities	-	-	15
Vendor financing in borrowings	-	160	(160)
Vendor financing in trade and other payables	(762)	762	-
Current presentation as at 31 Dec 2020	4,609	922	45,539

Current liabilities - Group

	Vendor financing	Borrowings
As reported previously as at 31 Dec 2020	-	9,690
Finance lease liabilities	-	(15)
Vendor financing in borrowings	157	(157)
Current presentation as at 31 Dec 2020	157	9,518

Statement of financial position

Non-current liabilities - Company

	Trade and other payables	Vendor financing	Borrowings
As reported previously as at 31 Dec 2020	3,955	-	40,860
Finance lease liabilities	-	-	15
Vendor financing in trade and other payables	(762)	762	-
Current presentation as at 31 Dec 2020	3,193	762	40,875

Current liabilities - Company

	Borrowings
As reported previously as at 31 Dec 2020	7,132
Finance lease liabilities	(15)
Current presentiaon as at 31 Dec 2020	7,117

37 FAIR VALUE DISCLOSURE

Set out below is a comparison by class of the carrying amounts and fair values of the financial instruments that are carried in the Financial Statements.

	Carrying Amount				Fair Value			
	Group		Company		Group		Company	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets								
Trade and other receivables	18,654	19,999	16,094	15,236	18,654	19,999	16,094	15,236
Short term deposits	8,310	3,666	8,288	3,646	8,310	3,666	8,288	3,646
Cash at bank and in hand	17,972	11,866	1,615	1,041	17,972	11,866	1,615	1,041
Total	44,936	35,531	25,997	19,923	44,936	35,531	25,997	19,923
Financial liabilities								
Obligations under finance leases	21	25	21	25	21	25	21	25
Borrowings	45,013	53,489	41,802	46,539	35,527	40,357	32,831	34,812
Trade and other payables	47,728	35,331	33,672	20,485	44,053	33,789	30,318	19,350
Bank overdrafts	1,742	1,885	1,261	1,453	1,742	1,885	1,261	1,453
Total	94,504	90,730	76,756	68,502	81,343	76,056	64,431	55,640

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

Cash and bank balances, short term deposits, trade receivables, trade payables (current) and bank overdraft approximate their carrying amounts lastly due to the short term maturities of these investments.

Fair value of trade and other payables and borrowings have been arrived by discounting gross values by the year end AWFDR rate.

The following table shows an analysis of assets recorded/disclosed at fair value by level of the fair value hierarchy.

As at 31 December 2021	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Trade and other receivables	-	18,654	-	-	16,094	-
Short term deposits	-	8,310	-	-	8,288	-
Cash at bank and in hand	-	17,972	-	-	1,615	-
Disposal group held for sale	-	-	410	-	-	410
Total assets	-	44,936	410	-	25,997	410
Financial liabilities						
Obligations under finance leases	-	21	-	-	21	-
Borrowings	-	35,527	-	-	32,831	-
Trade and other payables	-	44,053	-	-	30,318	-
Bank overdrafts	-	1,742	-	-	1,261	-
Total liabilities	-	81,343	-	-	64,431	-

NOTES TO THE FINANCIAL STATEMENTS

37 FAIR VALUE DISCLOSURE CONTD.

As at 31 December 2020	Level 1	Group Level 2	Level 3	Level 1	Company Level 2	Level 3
Financial assets						
Trade and other receivables	-	19,999	-	-	15,236	-
Short term deposits	-	3,666	-	-	3,646	-
Cash at bank and in hand	-	11,866	-	-	1,041	-
Total assets	-	35,531	-	-	19,923	-
Financial liabilities						
Obligations under finance leases	-	25	-	-	25	-
Borrowings	-	40,357	-	-	34,812	-
Trade and other payables	-	33,789	-	-	19,350	-
Bank overdrafts	-	33,789	-	-	1,453	-
Total liabilities	-	107,960	-	-	55,640	-

Fair value of financial assets and liabilities not carried at fair value

the following describes the methodologies and assumptions used to determine fair values of those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which fair value approximates carrying value

financial Assets and Liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair values.

Fixed rate financial instruments

The fair Value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments

Variable rate financial instruments

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

38 IMPACT OF COVID 19 - PANDEMIC

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

The telecommunication service has been categorised as an essential service by the Government of Sri Lanka. With the responsibility to provide an uninterrupted service to the nation, SLT as the national telecommunications provider activated its Business Continuity Plan ("BCP") and effected changes in operations, supply chain, workforce movements, investments and strategies to cope with the unprecedented challenges posed by the COVID-19 pandemic.

The below summarises our strategy and the response plan for the pandemic situation:

(a) Uninterrupted service to the nation while keeping people safe

As the national telecommunications and mobile services provider, SLT Group provided an uninterrupted service to the nation during this challenging period. SLT Group ensured customer service through digital platforms to minimize human contact and maintained social distancing and safety regulations in customer points. SLT Group shifted most of the employees to Work from Home and the employees who perform their duties in office premises/ field were allowed to work under strict health and safety guidelines while maintaining social distancing regulations. During the years 2020 and 2021, SLT created a fund to mitigate the cost of hospitalization, set up three intermediary quarantine centers and provided home care medical facilities for detected SLT employees and their immediate family members. However, considering the new guidelines issued by the Government of Sri Lanka on Covid-19 management practices, SLT revised its Covid-19 incident handling protocol in the new normal situation and presently continues only with the provision of home care medical facilities.

(b) Direction of operations for the need of the hour

As a response to the need of the hour, SLT together with its mobile arm Mobitel provided innovative yet affordable data packages to meet the growing customer demand and introduced easy payment terms for corporate customers. With the shift towards work from home arrangements and study from home arrangements, the Group experienced a positive impact in revenue in areas such as Broadband, PEOTV and Career Business services due to surge in utilization in both residential and business sectors. Further, future opportunities are emerging with novel digital products and services.

(c) Liquidity management

The effective collection strategies of the Group coupled with the need for continuous supply of telecommunication services improved collections over the period. The Group prioritised capital expenditure for critical projects, which included projects which provide connectivity to rural areas to narrow the digital divide in the Country. However, the recent depreciation of the Sri Lankan rupee against the US dollar adversely impacted the cash flows of the Group. Further, the foreign currency liquidity issue prevailing in the domestic foreign exchange market poses challenges to project payments in foreign currency.

(d) Impact on property, plant and equipment

The Group has assessed the impact on property, plant and equipment and spectrum assigned to the Group and does not foresee impairment due to the pandemic.

The Group will continue to take proactive measures to mitigate any potential impact and will continue its contingency plans and risk management measures as the situation evolves.

There were no other events or transactions that require disclosures or adjustments to the financial statements for the period ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

39 EVENTS AFTER THE REPORTING DATE

a) Surcharge tax

The Government of Sri Lanka in its Budget for 2022 has proposed a one-time tax, referred to as a surcharge tax of 25% to be imposed on companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. The proposed tax should be deemed an expenditure in the financial statements relating to the year of assessment 2020/2021

The Bill introducing the proposed tax was published after the reporting period and it has not been placed on the Order Paper of the Parliament for its first reading before the date these financial statements were authorized for issue. The proposed tax has not been substantively enacted by the end of the reporting period. Therefore, the financial statements have not been adjusted to reflect the consequences of this proposal.

b) Divestment of SLT Campus (Private) Limited

In line with the Board's strategic direction, Sri Lanka Telecom PLC had decided to dispose its 100% stake held in SLT Campus (Private) Limited.

On 25 January 2022, Sri Lanka Telecom PLC had transferred Twenty-One Million and One (21,000,001) Ordinary Shares and Eighteen Million (18,000,000) Redeemable Cumulative Preference Shares representing one hundred per centum (100%) of the total issued shares of the SLT Campus (Private) Limited worth Rs. 390,000,010 to Tempest Two (Private) Limited for a total purchase consideration of Rs. 410,000,000.

c) Proposed dividend declaration

The Board of Directors of the company has recommended a first and final dividend of Rs. 2.02 per share (2020- Rs.1.49 per share) on voting shares of the company to be paid by way of cash dividend for the financial year ended 31 December 2021.

Further, this dividend is to be approved at the Annual General Meeting to be held on 11 May 2022. This proposed final dividend has not been recognised as a liability as at 31 December 2021. Final dividend proposed for the year amounts to Rs. 3,645,817,200 in Compliance with section 56 and 57 of Companies Act No.07 of 2007. As required by section 56 of the Companies Act No.07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend. A statement of solvency completed and duly signed by the Directors on 15 March 2022 has been audited by Messrs Ernst & Young.

Except as disclosed above, no other events have arisen since the statement of Financial Position date which require Changes to, or disclosure in the Financial Statements.

No
Value left

Unturned



Supplementary Information

TEN YEAR PROGRESS - GROUP

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Financial position – Group										
Property, plant and equipment	141,937	137,208	140,632	123,850	117,035	108,649	99,283	90,935	80,506	73,602
Total assets	219,941	204,456	209,019	180,435	159,206	142,910	126,545	122,604	108,047	104,510
Current assets	58,417	46,762	46,718	45,377	31,048	27,464	21,426	25,343	20,598	25,712
Current liabilities	55,432	46,686	56,949	52,378	57,885	45,226	33,082	29,031	26,526	28,091
Borrowings	46,589	55,057	61,676	55,835	41,811	32,940	24,395	27,122	20,690	17,852
Equity	93,976	84,281	78,167	73,720	71,404	68,678	65,240	63,900	59,789	55,987
Performance										
Revenue	102,348	91,119	85,948	81,445	75,741	73,801	68,022	65,040	60,144	56,771
Operating profit	13,844	11,632	8,539	7,613	3,918	5,726	6,789	5,711	6,491	6,055
Finance cost	3,504	4,105	2,510	2,048	637	1,229	2,398	211	1,177	2,233
Profit before tax	12,818	9,713	8,216	7,169	5,528	6,497	5,515	8,251	7,365	5,851
Taxation	657	1,832	1,894	2,221	1,588	1,707	1,791	2,250	1,946	1,930
Profit after tax	12,161	7,881	6,322	4,948	3,940	4,790	3,724	6,001	5,419	3,921
Cash flow										
Net operating cash flows	43,631	32,300	20,410	19,656	18,224	19,466	21,265	20,047	15,386	16,094
Net cash used in investing activities	30,001	15,034	28,278	22,890	27,415	24,347	14,375	23,524	16,507	15,362
Net cash used in/(from) financing activities	(7,381)	(9,003)	4,957	16,909	756	360	6,065	(5,039)	57	174
Key financial indicators										
Earnings per share (Rs.)	6.73	4.37	3.50	2.74	2.18	2.65	2.06	3.32	3.00	2.17
Return on assets (%)	5.53%	3.85%	3.02%	2.74%	2.47%	3.35%	2.94%	4.89%	5.02%	3.75%
Return on equity (%)	12.94%	9.35%	8.09%	6.71%	5.52%	6.97%	5.71%	9.39%	9.06%	7.00%
Operating margin (%)	13.53%	12.77%	9.94%	9.35%	5.17%	7.76%	9.98%	8.78%	10.79%	10.67%
Asset turnover (Number of times)	0.47	0.45	0.41	0.45	0.48	0.52	0.54	0.53	0.56	0.54
Current ratio (Number of times CL)	1.05	1.00	0.82	0.87	0.54	0.61	0.65	0.87	0.78	0.92
Quick asset ratio (Number of times CL)	1.01	0.94	0.76	0.82	0.48	0.57	0.62	0.86	0.69	0.84
Debt/equity ratio – Number of times	0.66	0.78	0.93	0.76	0.59	0.48	0.37	0.42	0.35	0.32
Interest cover (Number of times interest)	3.31	1.91	1.47	1.77	2.02	4.53	5.62	8.94	9.44	6.73
Net assets per share (Rs.)	52.01	46.64	43.25	40.79	39.81	38.00	36.14	35.40	33.13	31.02
Dividend per share (Rs.)	2.02	1.49	1.06	1.06	0.89	0.89	0.89	0.85	0.85	0.85

1. Earnings per share - Earnings per ordinary share (EPS) - Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.
2. Return on Assets - Return on assets (ROA) - Profit after tax expressed as a percentage of the average assets; indicates overall effectiveness in generating profits with available assets.
3. Return on Equity - Return on equity (ROE) - Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.
4. Operating Margin - Operating margin is a measurement of what proportion of revenue is left over after paying for variable costs of production such as wages, raw materials, etc.
5. Asset Turnover - Asset turnover ratio measures the value of sales or revenues generated relative to the value of its assets.
6. Current Ratio - The current ratio measures the ability to cover its short-term liabilities with its current assets.
7. Quick Asset Ratio - The Quick Ratio, also known as the Acid-test or liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash.
8. Debt/Equity Ratio - The Debt/Equity ratio measures the proportion of borrowed funds to its equity.
9. Interest Cover - Number of times interest expense is covered by earnings before interest and tax.
10. Net assets per share - Net assets per share measures net assets divided by number of ordinary shares in use.

INVESTOR INFORMATION

DISTRIBUTION OF SHARES

Shareholding	Resident			Non-Resident			Total		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
1 – 1,000 shares	9,985	2,873,084	0.16	11	4,304	0.00	9,996	2,887,388	0.16
1,001 – 10,000 shares	2,212	8,614,060	0.48	23	105,554	0.01	2,235	8,719,614	0.49
10,001 – 100,000 shares	211	4,390,561	0.24	6	210,334	0.01	217	4,600,895	0.25
100,001 – 1,000,000 shares	11	1,635,984	0.09	0	0	0.00	11	1,635,984	0.09
Over 1,000,000 shares	9	975,268,250	54.03	1	811,757,869	44.98	10	1,787,026,119	99.01
	12,428	992,781,939	55.00	41	812,078,061	45.00	12,469	1,804,860,000	100.00

CATEGORIES OF SHAREHOLDERS

Category	Number of shareholders	Number of shares
Individual	12,337	15,887,070
Institutional	132	1,788,972,930
Total	12,469	1,804,860,000

20 MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2021

	NAME	SHAREHOLDING	PERCENTAGE(%)
1	SECRETARY TO THE TREASURY	893,405,709	49.50
2	GLOBAL TELECOMMUNICATIONS HOLDINGS NV	811,757,869	44.98
3	EMPLOYEES PROVIDENT FUND	25,324,104	1.40
4	SRI LANKA INSURANCE CORPORATION LTD- LIFE FUND	17,713,735	0.98
5	BANK OF CEYLON A/C CEYBANK UNIT TRUST	17,309,741	0.96
6	NATIONAL SAVINGS BANK	13,158,700	0.73
7	EMPLOYEES TRUST FUND BOARD	3,302,188	0.18
8	SRI LANKA INSURANCE CORPORATION LTD – GENERAL FUND	2,041,538	0.11
9	BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	1,620,369	0.09
10	CONFAB STEEL (PRIVATE) LIMITED	1,392,166	0.08
11	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	223,590	0.01
12	BANK OF CEYLON NO. 1 ACCOUNT	214,000	0.01
13	PINNACLE TRUST (PVT) LIMITED	183,984	0.01
14	CEYLON BISCUITS LIMITED	161,825	0.01
15	MR. T.K.D.A.P. SAMARASINGHE	150,000	0.01
16	MR. A.M. WEERASINGHE	140,100	0.01
17	MR. A.H. MUNASINGHE	130,787	0.01
18	MR. E.L. KARANNAGODA	112,576	0.01
19	MR. D.S. KARALLIEDDE	109,523	0.01
20	SINHARAJA HILLS PLANTATION (PVT) LIMITED	107,491	0.01
	TOTAL	1,788,559,995	99.11

Float adjusted Market Capitalisation as at 31 December 2021	LKR 3,347,365,550
Percentage of public holding as at 31 December 2021	4.78%
Number of shareholders representing the public holding as at 31 December 2021	12,465

INVESTOR INFORMATION

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

TRADING ACTIVITY

	2021	2020	2019
Number of transactions	9,726	6,853	5,576
Number of shares traded	6,697,029	5,982,917	2,718,416
Value of shares traded (LKR)	243,389,461	186,345,491	76,016,539

THE DEBT/EQUITY RATIOS

At 31 December	Group		Company	
	2021	2020	2021	2020
Total borrowings	62,083	65,794	50,024	48,839
Total equity	93,967	84,281	65,672	62,443
Total capital	156,059	150,075	115,696	111,282
Debt/equity Ratio	66.1	78.1	76.2	78.2

EQUITY - GROUP

Group	2021	2020
Earnings per Share (Rs.)	6.73	4.37
Net Assets per share	52.01	46.64
Debt/equity ratio-No of times	0.66	0.78
Quick Asset Ratio (No. of times C.L.)	1.01	0.94
Interest Cover (No. of times Interest)	3.31	1.91
Dividend pay out Ratio	30.0%	34.1%
Dividend per share	2.02	1.49

DEBT INFORMATION - COMPANY

Group	2021	2020
Interest rate on comparable govt security Market price & yield during the year (ex-interest)	11.53%	6.98%
Highest debenture price	Debenture were not traded during the year 2021	
Lowest debenture price		
Last traded debenture price		
Debt/equity ratio-No of times	0.76	0.78
Interest Cover (No. of times Interest)	1.92	1.16
Quick Asset Ratio (No. of times C.L.)	0.88	0.90

PORTFOLIO OF LANDS

The following values are based on valuation reports submitted by a firm of incorporated Valuers in 2018, on lands transferred on incorporation (conversion of SLT into a public limited company in 1996) and lands acquired after the incorporation. The said lands valued over LKR 500,000/- with their respective values are given below:

Location	Extent (Hectare)	Value of land (Rs. Mn)
Agalawatta Kiosk Land – Lot 1, 2	0.008	0.9
Agarapathana Ex. & LPT Quarters Land	0.15	2.9
Agarapathana RSU Land, 150 K Project,	0.0215	0.7
Agbopura Land	0.192	3.8
Akkaraipattu Exchange Land	0.205	40.5
Akkaraipattu Old Exchange Land (PP A 1355, Lot 1)	0.0999	15.8
Akkaraipattu Road, Hingurana	0.3877	7.6
Akurana Land	0.0759	12.0
Akurassa Exchange Land	0.0711	28.1
Akurassa Repeater Station Land Lot 385,386,387,388,389,390 & 391.	0.0787	2.3
Alawwa Exchange Land, Narammala Road.	0.076	9.8
Aliyamalagala Repeater Station	0.2021	4.0
Alubomulla RSU Land	0.0759	5.3
Ambalangoda Exchange & DIT Office Land	0.079	89.0
Ambalantota Exchange Land	0.1721	20.4
Anandankulam Land	0.202	8.0
Angoda Exchange Land, Angoda	0.09	32.0
Angoda RSU1 Land, IDH	0.0364	10.8
Angunakolapalassa Exchange Land Lot 525, 755	0.196	7.8
Aranayaka Exchange Land	0.12	3.6
Ariyalai Land	0.0658	5.2
Auto Exchange & IPT Quarters Land, Main Street, Panadura. (RTOM Office) Lot 1, 2	0.2542	299.1
Auto Exchange & Quarters Land, Bandaragama.	0.2803	60.9
Badalgama Exchange Land	0.0984	5.8
Badalgama IPT Qtrs Land	0.0303	1.8
Baddegama Exchange Land	0.134	21.1
Badulla District Switching Centre & Engineer's Quarters Land	0.402	135.1
Bagawantalawa Exchange Land	0.1185	2.8
Bakamuna RSU Building Land	0.375	14.8
Balangoda Telecom Exchange Land Lot 1 & Lot 2	0.2324	41.5
Balungala Repeater Station Land	0.2317	2.3
Bambarabotuwa Exchange Land	0.1204	4.7
Beliatta Exchange Land, Beliatta	0.442	30.5
Beragama Kiosk Land	0.06	0.9
Bibile Exchange Land (Lot 770, 773,774)	0.274	32.5
Bingiriya Exchange & Kiosk Land	0.168	13.3
Biyagama RSU1 Land, Heiyanduwa	0.0506	10.0
Biyagama RSU2 Land, Biyagama (Bandarawatta Land)	0.0374	14.8
Boralessgamuwa Exchange Land	0.0335	33.7
Browns Hill Repeater Station Land, Browns Hill Lot 1, 2, 3, 4, 5	0.1415	28.0

The level of the fair value hierarchy within which the fair value measurements are categorised is Level 3. Land values have been adopted after comparing with land sales in particular location by the valuer. Unobservable inputs for the assets have been used as inputs in the fair value measurement.

Location	Extent (Hectare)	Value of land (Rs. Mn)
Bulathkohupitiya Exchange Land	0.2349	6.9
Buttala Exchange Land	0.202	35.9
Chavakachcheri RAX & RSU Land	0.1214	12.0
Cheddikulam Exchange Land	0.2026	3.2
Chilaw DIT/IPT Quarters Land	0.0468	27.7
Chilaw Exchange Land, Puttalam Road, Chilaw	0.2708	80.3
Chinabay Exchange Land – Lot 163 & Lot 165	0.0768	6.7
Chunnakam RAX Land	0.1912	15.1
Circuit Bungalow Land – Bandarawela	0.1718	19.0
Delgoda RSU1 Land, Delgoda	0.032	3.8
Deniyaya Exchange & IPT Qtrs Land Lot 764	0.177	7.0
Deraniyagala Exchange Land (Lot 1, 2)	0.139	8.2
DGM Quarter Land, Rifle Green, Trincomalee	0.1577	31.2
Dickwella Auto Exchange & Quarters Land	0.1554	35.2
Digana Old Exchange & Repeater Station Land Ahaspokuna	0.356	24.6
District Switching Centre & IPT Qtrs Land, Inner Harbour Road, Trincomalee.	0.3294	65.1
District Switching Centre Land, Mannar.	0.3238	76.8
DIT Quarters Land, 99/1, Ratnapura Road, Awissawella.	0.1593	28.3
DIT Quarters Land – No. 67, Gattuwana.	0.273	77.2
DIT/IPT Quarters Land – Bandarawela	0.0705	69.6
Divurmpitiya Repeater Station Land	0.1093	2.1
Dodangoda RSU Land		
Dolosbage New Exchnage Land		17.9
Lot 1 & Lot 2	0.093	1.1
Dunagaha Exchange Land	0.171	33.8
Earth Satellite Station Land, Padukka.	13.896	257.5
Ehiliyagoda Exchange Land	0.0802	23.7
Elpitiya Exchange & Kiosk Land	0.146	20.2
Embilipitiya Exchange & IPT Quarters Land,		
Embilipitiya	0.462	50.0
Engineer's Quarters Land, No. 116/53,		
Lake Round, Kurunegala.	0.206	48.9
Ensalwatta Repeater Station Land – Deniyaya	0.304	9.0
Eravur Auto Exchange Land	0.0925	36.6
Ethagala Repeater Station Land	0.253	9.0
Exchange Land, Thimbolketiya (Lot 1,2,3)	0.6771	17.2
Exchange Land, Aluth Mw., Mattakkuliya	0.046	54.5
Exchange Land, Homagama	0.1035	122.7
Exchange Land, Padukka	0.0607	18.0
Exchange Land, Yatiyana Lot 1, 2, 3 & 4	0.1288	11.0
Exchange & IPT Quarters Land,		
Mahawa Lot 176, 177, 179	0.462	32.0
Galagedara Exchange Land, Rambukkana Road.	0.1386	8.2

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (Rs. Mn)
Galaha Exchange, & IPT Quarters Land, Galaha.– Lot 2 & Lot 3	0.1278	2.5
Galapitamada Land	0.099	8.2
Galapitamada New Ex. Land	0.1789	3.5
Galenbiduniwewa Land	0.1921	9.5
Galewala Old Kiosk Land	0.0152	1.1
Galewela RSU Land Lot 1185, Lot 1188 & Lot 1190	0.1822	10.8
Galgamuwa Auto Exchange Land	0.158	12.5
Galhinna Land	0.0759	2.5
Galigamuwa Auto Exchange Land	0.1031	10.2
Galkantha Mawatha, Ampara	0.7657	75.7
Galle Exchange & IPT Quarters Land, No. 8, Wakwella Road, Galle	0.1697	184.4
Galnawa Exchange & Linemen Quarters Land	0.1453	20.1
Galoya Junction(LPT Qts. Land,Station Rd.)	0.2023	2.0
Gampola Singha pitiya Road Land, Gampola	0.2529	30.0
Ganemulla Exchange & IPT Quarters Land	0.1564	47.8
Ginigathhena Exchange & Quarters Land	0.142	4.2
Gintota(Dodanduwa Exchange) Land	0.0513	10.1
Giriulla Auto Exchange Land	0.101	10.0
Godakawela RSU Land	0.049	4.7
Gonapola Land	0.0759	13.5
Gurugoda Exchange Land, Gurugoda	0.079	3.8
Habaraduwa Exchange Land	0.0796	11.0
Habarana Land	0.1182	9.3
Haddon Hill Land – Nuwara-Eliya Lot 1,2 (Road Reservation)	0.072	15.5
Hakmana Exchange Land	0.126	11.2
Haldummulla Kiosk Land	0.099	2.0
Halgaran-oya Exchange Land	0.791	6.3
Hali-Ela Exchange Land	0.094	18.6
Hambantota Exchange Land, No. 66, Barrak Street	0.192	34.1
Handessa RSU Land	0.1012	4.0
Hanguranketha Ex.(New) Land	0.0851	7.6
Haputale Exchange Land	0.408	64.5
Hasalaka Exchange Land, Hasalaka	0.0794	10.2
Hatton Exchange and RTOM Office Land, Danbar Road, Hatton Lot 1	0.965	148.6
Havelock Town RSU II Land, Havelock road, Colombo 5	0.0253	90.0
Havelock Town RSU III Land, Vauersset place, Colombo 6	0.018	60.3
Hemmathagama Land	0.1017	10.0
Hettipola Exchange Land	0.098	11.6
Hingurakgoda Auto Exchange Land	0.0583	8.1
Hiniduma (Topparangala) Land	0.05	0.8
Hokandara Exchange Land	0.0857	27.8
Homagama LEU1 Land, Pitipana North	0.0253	1.0
Homagama RSU 1 Land, Panagoda	0.0253	2.0
Homagama RSU 2 Land, Magamma	0.0152	1.2
Horana Exchange & DIT Quarters Land, Anguruwatta Road, Horana.	0.2177	55.9
Horawpathana Exchange Land	0.418	12.4
HP Quarters Land, Primrose Hill.	0.0534	31.7

Location	Extent (Hectare)	Value of land (Rs. Mn)
HP's Quarters Land, Bandarawela	0.2329	27.6
HQ Building,OTS Building and CTO Building Land, Lotus Road – Colombo 1.	1.3154	9,101.0
Hungama Exchange Land, Hungama	0.125	14.8
Ibbagamuwa DRMASS Land	0.0154	3.4
Ibbagamuwa RSU Land	0.0379	3.0
Imaduwa Exchange & Kiosk Land Lot 473, 474	0.215	17.0
Inginiyagala Exchange Land	0.047	1.3
Ingiriya Exchange Land Lot 1, 2, 3	0.28	9.9
Ingiriya Kiosk Land	0.0126	0.7
IPT Qrts (Present OPMC) Land No. 8 & 10, Sri Gunarathena Mw.Panadura.	0.2952	84.6
IPT Quarters (No. 1,2 & 3) Land, District Switching Centre, No. 26, Badulla.	0.034	12.1
IPT Quarters 1 No & Stores Land Mannar Rd, Vavuniya	0.306	30.2
IPT Quarters Land - 13 A/1, Galwala Road, Hambantota.	0.102	12.0
IPT Quarters Land., Station Rd, Vavuniya	0.15	29.7
IPT Quarters Land – Diyathalawa	0.0226	8.9
IPT Quarters Land – No. 07, Gattuwana.	0.121	21.5
Ja-Ela Exchange Land, DIT Office & IPT Quarters.	0.087	103.1
Jaltara Housing Scheme Land	0.0253	1.8
Kadawatha Exchange Land Lot 1, 2	0.1062	38.7
Kadawatha RSU1 Land, Ranmuthugala	0.0329	9.7
Kadawatha RSU2 Land, Ihala karagahamuna	0.043	8.5
Kadawatha RSU3 Land, Siyambalape	0.0202	4.8
Kadawatha RSU4 Land, Makola North	0.0192	6.8
Kaduvela ELU 1 Land, Ranala	0.00025	0.5
Kaduvela ELU4 Land, Welivita Junction	0.00032	0.9
Kaduvela Exchange Land Lot 1, 2	0.0983	97.2
Kaduvela RSU1 Land, Malambe	0.0248	7.3
Kahatagasdigiliya Exchange Land	0.0993	8.8
Kahawatta Kiosk Land	0.014	5.5
Kalawana Exchange Land	0.206	4.0
Kalawanchikudy Exchnage Land	0.1693	40.2
Kal-Eliya Exchange Land	0.1005	5.0
Kalpitiya Exchange Land, Kalpitiya	0.1093	10.8
Kamburupitiya Exchange Land	0.089	26.4
Kandaketiya Exchange Land	0.0981	5.8
Kandalama-Radio Repeater Station Land	0.1555	3.1
Kandapola Land	0.0894	10.6
Kantalai Exchange Land	0.1244	14.8
Karainagar Land	0.0507	0.5
Karaveddy RSU Land	0.311	18.4
Katana Land	0.1012	4.0
Katugastota Exchange & IPT Quarters Land	0.0395	23.4
Katunayaka Exchange Land Lot 1, 2	0.3039	60.1
Katuwana land	0.1	4.0
Kebithigollewa Exchange Land (Lot 314, 315)	0.2628	15.6
Kegalle Exchange and RTOM office Land, Kegalle.	1.4515	392.9

Location	Extent (Hectare)	Value of land (Rs. Mn)
Kekanadura Exchange & Qtrs Land, Kekanadura	0.102	20.2
Kekirawa Auto Exchange Land	0.131	23.
Kelaniya Exchange Land, Kelaniya	0.1475	46.1
Keselwatta RSU Building Land, 34, Srimathi Rd, Keselwatta	0.0632	18.7
Killinochchi Exchange & Repeater Station Land	0.5799	22.9
Killinochchi RAX Land, Paranthan	0.1748	5.1
Killiveddy Exchange Land	0.0331	0.8
Kinniya Exchange Land	0.108	17.1
Kiri Ella Telecom Exchange Land	0.0875	6.9
Kiribathkumbura Land (Proposed for Training Centre)	0.5805	40.2
Kirindiwela Exchange & IPT Quarters Land – Lot 1, 2	0.2129	23.6
Kitulgala Exchange Land, Ginigathhena Road, Kitulgala	0.088	2.6
Kochchikade Exchange Land	0.041	6.5
Kollonna Exchange Land	0.332	7.9
Kopay RAX Land	0.0206	1.4
Kosgama RSU Land, Kosgama (Lot 1, 2)	0.0759	7.5
Kosgoda Exchange Land	0.092	10.9
Koslanda Exchnage Land	0.044	1.3
Kotadeniyawa Exchange Land	0.1686	10.0
Kotapola Exchange Land, Kotapola	0.122	4.8
Kotiyakumbura Exchange Land	0.1012	17.3
Kotte RSU1 Land, Madiwela	0.0278	16.5
Kotte RSU2 Land, Talawathugoda	0.0278	21.8
Kotte RSU3 Land, Battaramulla	0.0185	10.5
Kotte RSU4 Land, Thalagama North	0.0354	10.5
Kotte RSU5 Land, Kotuwegoda	0.0311	12.3
Kotte RSU6 Land, Nawala	0.0304	30.0
Kottegoda Exchange Land	0.1036	16.4
Kotugoda Stores Complex Land	7.6475	330.6
Kuchchaveli Exchange Land Lot 1689 & Lot 1690	0.1375	4.2
Kuliyapitiya Exchange Land Lot 37, 39	0.23	90.9
Kurunegala Exchange and RTOM office Land Kandy Road, Kurunegala.	0.92	345.5
Kuruwita Telecom Exchange Land	0.0653	7.7
Laggala Repeater Station (Reverston) Land (Lot 62, 69, 70, 76, Lot A, B)	1.0498	20.8
LPT Quarters Land, Station Rd., Vavuniya	0.0777	12.3
Lunugala Kiosk Land	0.1346	4.0
Lunuwila Exchange (New) Land	0.09	6.2
Madampe New Exchange Land, kurunegala Road (LOT 1, 2)	0.1048	7.1
Madawachchiya Land, Mannar Rd. Madawachchiya.	0.3315	5.2
Madolkelle Exchange Land	0.0961	1.9
Madolsima Exchange Land	0.3844	6.1
Madolsima Repeater Station Land, Madolsima	0.252	3.8
Madukanda Repeater St. Land Lot 1523 & Lot 1525	0.6037	5.7
Mahaoya Exchange Land, Main Street, Mahaoya.	0.111	4.4

Location	Extent (Hectare)	Value of land (Rs. Mn)
Maharagama Exchange Land	0.114	264.2
Mahiyangana Exchange Land	0.079	10.9
Main Street, Kalutara Lot 1, 2, 3	0.3035	342.0
Maithreepala Senanayake Mw, Anuradapura	0.1125	177.9
Maithreepala Senanayake Mawatha Anuradhapura	0.3355	298.4
Makandura Exchange Land	0.404	19.9
Malwatta Exchange Land	0.1568	2.5
Mamadala Kiosk Land	0.0879	3.5
Manipai RAX Land	0.0516	3.0
Mannar Transmission Tower Land	0.2645	41.8
Marawila Auto Exchange Land (LOT 2)	0.0507	13.6
Maskeliya Exchange Land	0.1078	4.2
Mattegoda exchange Land	0.1265	37.5
Maturata Exchange Land	0.167	2.3
Mawanella Auto Exchnage Land	0.091	21.6
Mawarala Exchange Land	0.207	8.2
Mawatagama New Exchnage Land, Mawatagama	0.1015	20.1
Medamahanuwara New Exchange land	0.1247	4.5
Medawachchiya Exchange & Linemen Quarters Land	0.1468	5.8
Medirigiriya Land	0.214	8.5
Middeniya Exchange Land, Middeniya	0.287	6.8
Millaniya Exchange Land, Millaniya	0.1012	3.0
Millenium City Land, Athurugiriya	0.0197	3.5
Minuwangoda Exchange & IPT Quarters Land	0.0759	45.0
Mirigama Telecom Building, DIT Office & IPT Quarters Land, Lot 1,2,3	0.1874	24.0
Monaragala Exchange & IPT/ Linemen Quarters Land	0.316	124.9
Moratuwa Exchange Land, Moratuwa	0.1119	39.8
Moratuwa RSU 2 Land, Moratumulla	0.0276	8.2
Moratuwa RSU 3 Land, Rawatha watte	0.0202	12.0
Moratuwa RSU I Land, Molpe	0.257	6.6
Morawaka Exchange Land, Morawaka	0.0458	3.3
Mount Lavinia Exchange Land, Minor Staff Room & Stores	0.1913	226.8
Mulativu Auto Exchange	0.6506	7.7
Mulatiyana Exchange Land, Mulatiyana	0.113	6.7
Mulleriyawa Land (Angoda RSU 2)	0.0379	7.5
Murukkan Land	0.1062	2.1
Muruthalawa Exchange Land	0.0969	3.8
Muttur Exchange Land	0.2838	25.2
Nagoda Exchange Land	0.123	7.2
Namunukula Circuit Bangalow Land	0.21	6.6
Namunukula Exchange Land	0.1485	4.1
Narammala old & New Exchange Land	0.097	46.0
Naula Exchange Land	0.138	16.3
Nawalapitiya Exchange & IPT Quarters Land – Lot 1 & Lot 2	0.2782	82.5
Neboda Auto Exchange Land	0.1032	4.1
Negampaha Exchange, Negampaha	0.084	3.3
Nikadalupotha Exchange Land, Hiripitiya	0.118	10.5
Nikaweratiya Exchange Land. Lot 586, 680	0.14	16.8

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (Rs. Mn)
Nilaveli Exchange Land	0.0629	5.0
Ninthavur Exchange Land	0.0863	10.2
Nivanthaka Chethiya Road, Anuradhapura	0.0971	34.5
Niwitigala Exchange & Linemen Quarters Land	0.283	8.4
No. 17, Sugathodaya Mawatha, Colombo 02.	0.219	1,038.9
No. 5, Anderson Road, Colombo 05.	0.1889	672.1
No. 7, Anderson Road, Colombo 05.	0.1363	484.9
No. 9, Anderson Road, Colombo 05.	0.1949	693.4
No. 108 & 109, Walawwaththa Rd., Anuradhapura	0.243	48.1
No: 562/D, Jayanthi Rd, Anuradhapura	0.7889	93.6
No: 106, St. Joseph's Street, Negombo	0.6787	335.4
Nochchiyagama Exchange Land (Lot 1666, 1668)	0.18	8.9
Norton Bridge Exchange Land	0.1519	2.4
Nugegoda RSU 2 Land, Embuldeniya	0.0234	9.2
Nugegoda RSU 3 Land, Gangodawila	0.0186	11.4
Nugegoda RSU 4 Land, Kalubowila	0.0241	33.4
Nugegoda RSU I Land, Kirulapane	0.0244	33.8
Nugegoda Transport Garage Land, Nalandarama Road	0.197	311.5
Oluvil Exchange Land	0.1006	7.9
OPMC Land, Awissavella	0.3655	50.5
OPMC land, station Road, Batticaloa	0.516	30.6
P-1 ,P-2, P-3, P-4 Thimbirigaskatuwa Pottode – quarters Land ,Negombo.	0.6037	41.8
-5 & P-6 Poththode quarters Land, Thimbirigaskatuwa, Pottode – Negombo Lot 1, 2	1.716	84.8
Padavi Siripura Exchnge Land	0.263	4.2
Padaviya Exchange, Padaviya	0.1087	4.3
Padiyathalawa Exchange Land	0.102	2.4
Padiyathalawa Trans Repeater Station Land	1.261	5.0
Padukka LEU Land (Ihala Bope)	0.0266	0.8
Palavi Exchange Land (Double Kiosk) Palavi.	0.2024	20.0
Pallekale Land	0.0899	26.7
Pandaththeruppu Land	0.0513	1.2
Pankulam Exchange Land	0.0608	2.4
Pannala Exchnage Land	0.094	11.1
Pasalai new land	0.097	1.1
Passara Exchange and Linemen Quarters Land	0.3744	19.5
Pasyala Exchange & IPT Quarters Land, Nittambuwa Rd, Pasyala. Lot 1, 2	0.0534	7.9
Pathiraja Kanda Repeater Station Land, Ambalangoda.	0.101	1.9
Pawakkulam Land	0.2091	1.2
Peliyagoda Stores Complex Land	1.6432	640.4
Pelmadulla Telecom Exchange Land	0.095	37.5
Peradeniya Exchange, Telecom Training Centre & Quarters Land, Galaha Road, Peradeniy Lot 1 & Lot 2	0.1169	69.3
Pettigala Repeater Station Land, Balangoda.	0.073	1.7
Piliyandala Exchange Land	0.0632	37.5
Piliyandala RSU 2 Land, Makandana	0.0177	2.1
Piliyandala RSU 3 Land, Wethara	0.0253	4.0

Location	Extent (Hectare)	Value of land (Rs. Mn)
Piliyandala RSU 4 Land, Batakeththara	0.0253	4.0
Piliyandala RSU 5 Land, Bokundara	0.0316	10.6
Piliyandala RSU I Land, Honnanthara	0.0518	9.0
Pitabaddara Exchange Land, Pitabaddara	0.216	8.5
Point Pedro Land	0.0809	5.2
Polgahawela Exchange & Quarters Land LOT 1, 3, 5	0.2	4.0
Post office Road, Eppawela	0.0914	7.2
Potthuwil Exchange Land	0.257	15.2
Potuhera Auto Exchange Land, ELU – KG206,209	0.009	0.9
Primrose Hill, Circuit Bungalow Land, Kandy	0.0751	54.9
Pugoda ELU-1 Land, Giridara	0.0051	1.2
Pugoda ELU-2 Land, Owitigama,	0.0253	4.3
Pulasthigama Land	0.212	5
Pulmoddai Exchange Land	0.3103	18.4
Punagala (Ampitikanda) Repeater Station Land	0.192	3.7
Punchi Borella Exchange Land, Maradana.	0.2625	934
Pundaluoya Exchange Land	0.262	8.3
Punguduthive RAX Land	0.3571	2.8
Pussellewa Exchange Land, Nuwara Eliya Road.	0.2155	72.4
Puttalam Auto Exchange Land, Equipment Building & IPT Quarters	0.3054	75.5
Raddolugama Land	0.02908	5.2
Radella LPT Quarters Land	0.0438	1.7
Ragama Exchange Land	0.2048	121
Rajakadaluwa Exchange Land	0.149	23.5
Rakwana Kiosk Land.	0.027	6.4
Rakwana Telecom Exchange Land.	0.2035	12.1
Ramboda Exchange Land Lot 1, 2, 3 & 4.	0.112	5.8
Rangala Exchange Land	0.154	1.8
Ranpokunugama Exchange & IPT Quarters Land, Ranpokunugama	0.1532	21.2
Rathmalana RSU 2 Land, Borupana	0.019	3.7
Rathmalana RSU I Land, Laxapathiya	0.0253	7
Ratmalana Exchnage Land, Ratmalana	0.2076	255.7
Rattota Kiosk Land	0.0209	4.1
Regional Telecom Engineer's Office Land, Church Street, Galle.	0.252	647.6
Regional Telecom Engineers' Office		
Pollonnaruwa Exchange & IPT Quarters Land	0.3129	160.8
Regional Telecom Engineer's Office & Kandy Exchange Land Lot 1 & Lot 2	0.2251	489.4
Regional Telecom Engineer's Office - Rathnapura Billing Land	0.3645	172.9
Regional Telecom Engineer's office & exchange Land, Court Road, Gampaha.	0.1366	162
Regional Telecom Engineer's Office Land – 06, Senanayake Mw. Bandarawela	0.238	282.2
Regional Telecom Engineer's Office Land – Kalmunai	0.4326	67.8
Regional Telecom Engineer's office Land, Dickmens Road, Colombo 05	0.336	1,328.40
Regional Telecom Engineer's Office Matale Exchange Land	0.3342	165.2

Location	Extent (Hectare)	Value of land (Rs. Mn)
Regional Telecom Engineers' Office, Exchange & IPT Quarters Land, Nuwara-Eliya	0.2354	698
Regional Telecom Engineer's Office – Matara Exchange and DIT Office Land	0.288	341.6
Regional Telecom, Engineer's Office & Exchange Land, Kotte	0.2051	283.8
Repeater Station Land -Glen Course	0.2244	3.1
Repeater Station Land, Primrose Hill.	0.1233	32.9
Rideegama Exchange Land	0.253	8
Ridiyagama Rural Exchange Land	0.0655	1.9
Rikillagaskada Exchange, & IPT Quarters Land	0.13	23.1
RSU 1 Land, No.47/1A, Church Road, Mattakkuliya	0.0304	18
RSU Building & Exchange Land, Beruwela.	0.21	27
RSU Building & IPT Quarters Land, Matugama	0.0597	9.4
RSU Building Bulathsinghala Land Lot 1, 2	0.2017	8
RSU Building Meegahatenna		
Land Lot 2828, 2829	0.265	5.6
RSU Land-Pallepola Lot 403	0.097	8.6
RSU Land-Rattota Lot 6 & Lot 7	0.122	9.6
RTOM & Auto Exchange Land, Batticaloa	0.4383	156
RTOM building Land, Nugegoda	0.117	279.4
RTOM Office & DIT/IPT Quarters Land, Awissawella	0.4376	167.6
RTOM office Land, Vavuniya. Lot 1772, 1773	0.4047	48
RTOM Qtrs Land, Donald Janz rd, Galle	0.0511	20.2
RTOM Quarters, behind the Mosque – Anuradhapura	0.1769	52.5
Rukmalgama Exchange Land	0.0267	5.8
Ruwanwella RSU Land, Ruwanwella	0.0673	5.3
Samanturai Exchange Land	0.199	13.8
Seruwila Exchange Land	0.232	3.7
Sevanagala Exchange & LPT Qtrs Land Lot 4900, 4901	0.642	19
Single Tree Hill-Repeater Station Land Lot 1, 2, 3	0.1691	6.7
Sithankerni RSU Land	0.1745	11.8
Suriyakanda Repeater station Land	0.15	3.6
Suriyawewa Exchange Land	0.082	2.4
Switching Centre & Jaffna Exchange Land	1.181	233.5
Talaimannar Repeater St. Land Lot 1 & Lot 2	0.0824	6.7
Talawakelle Exchange Land Lot 1, 2, 3	0.1622	7.2
Tanamalwila Exchange Land	0.32	7.6
Tangalle Exchange, IPT Quarters & Repeater Stn. Land	0.196	27.1
Tangalle Linemen's Quarters Land, Tissa Road, Marakolliya, Tangalle.	0.0824	4.1
Telecom Training Centre Land, No. 176, Matara Rd, Unawatuna, Galle	0.791	125.1
Telecom Training Centre Land, Welisara.	2.228	484.5
Thambuttegama Exchange Land	0.086	34
Thampalagam Exchange Land, Thampalagam	0.102	6.1
Thelijawila Auto Exchange & Quarters Land	0.069	13.6
Thellipalai RSU Land	0.10985	2.2

Location	Extent (Hectare)	Value of land (Rs. Mn)
Thirukkivil RSU Land	0.1012	6
Thoppur Auto Exchange Land	0.1745	5.2
Tissamaharama New Exchange Land	0.082	11.3
Torwood Repeater station Land, Matugama	0.1607	2.5
Tower Hill Road, Hambantota. Lot 1 & Lot 2	0.215	85
Training Centre Land, Horethuduwa (Sirimathi Rd.)	1.4346	141.8
Transport Division Land, Polhengoda Road, Narahenpita.	0.303	539
Tx. Tower land (Opposite to the RTOM office separated by Highway), Gampaha	0.0157	17.1
Udaththiripitiya Exchange Land	0.1258	7.5
Udugama Exchange Land Udugampola MSAN Land	0.1391	11
Udupussallawa Exchange Land	0.0906	1.8
Ukuwela land		9.0
Ullukkulam (SR-500) Land (Periya-Ullukkulam)	0.0536	1.6
Undugoda Exchange Land	0.0969	2.9
Upcot Rural Exchange & Linemen Quarters Land, Lot 1, 2	0.1495	2.9
Urubokka Exchange Land	0.129	11.5
Uyanwatta Land- MNA201, Dewalagama	0.0025	0.5
Vakarai VHF Station Land	0.1645	3.3
Valachchanai Auto Exchange Land	0.2036	22.1
Valvettithurai RAX Land	0.0725	1.4
Veyangoda Exchange Land, Negombo Road.	0.0889	21.1
VHF Station Land -Batticaloa (Kaliyankadu)	0.1019	14.1
Visaka Hill Repeater Station Land, Bandarawela	0.0958	9.4
Waga Land	0.1623	2.8
Walasmulla Exchange Land	0.0803	6.3
Warakapola Exchange Land	0.0867	9.4
Wariyapola Exchange Land	0.112	6.6
Watawela Land	0.121	3.8
Wattala Exchange Land	0.1012	120.0
Wattegama Exchange Land Kudugalla Road	0.0827	8.2
Wattegama Exchange Land Kudugalla Road (Part 2 out of Parts 2).	0.1512	16.4
Weeraketiya Exchange & Qtrs Land	0.17	10.1
Weligama Exchange & IPT Quarters Land	0.1069	30.2
Welikada Wireless Station & Maritime Service Station Land	3.088	4,883.2
Welikanda Exchange Land	0.2988	11.8
Welimada Exchange & Kiosk Land	0.111	17.5
Welimada RLL Base Station Land	0.0527	1.5
Weliweriya Exchange Land, Gampaha Road. Lot 1, 2, 3, 4	0.0438	25.5
Wellampitiya Exchange Land	0.102	40.3
Wellawaya Exchange Land	0.13	20.5
Wilgamuwa RSU Land	0.1878	22.3
Yakkalamulla Radio Base Station Land (Nabadawa RBS Land)	0.0506	0.8
Yatiantota Auto Exchange Land	0.0511	2.0

PORTFOLIO OF LANDS

Lands revalued in the year 2020

Location	Extent (Hectare)	Value of land (Rs. Mn.)
DIT & IPT Quarters, Anuradhapura	0.7889	60.2
Quarters, Nivanthika Chetiya Road, Anuradhapura	0.0466	9.2
Namulukula Repeater Station	0.1373	1.6
Bogahakumbura Exchange	0.1264	5.0
Ampitikanda Exchange	0.1264	8.2
Ella Kiosk	0.033	13.0
Batapola Exchange	0.116	27.5
Malwana Exchange	0.1057	31.3
Hanthana Repeater Station	0.2123	5.3
Kadugannawa Exchange	0.0356	28.1
Gampola Exchange	0.0285	12.7
Galaha Exchange	0.0556	0.6
Piyagala SLT Site	-	11.9
Dambulla Exchange	0.4032	136.0
Kotmale Kiosk	0.1012	1.2
Del Repeater Station	0.3731	4.4
Watagoda Exchange	0.185	7.3
Benachi Radio Transmission	0.0777	1.6
Total value of lands above LKR 500,000/-		37,121.66

GRI INDEX

GRI Standard	Disclosure	Page number	Omission
GRI 101: Foundation 2016 (does not include any disclosures)			
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	102-1 Name of the organization	3, Inner Back Cover	
	102-2 Activities, brands, products and services	4	
	102-3 Location of headquarters	Inner Back Cover	
	102-4 Location of operations	4	
	102-5 Ownership and legal form	Inner Back Cover	
	102-6 Markets served	4	
	102-7 Scale of the organization	11, 12	
	102-8 Information on employees and other workers	13, 96	
	102-9 Supply chain	89	
	102-10 Significant changes to the organization and its supply chain		None
	102-11 Precautionary principle or approach	3	
	102-12 External initiatives	89	
	102-13 Membership of associations	89	
	102-14 Statement from senior decision maker	16	
	102-16 Values, principles, norms and standards of behaviour	4, 107	
	102-18 Governance Structure	46	
	102-40 List of stakeholder groups	67	
	102-41 Collective bargaining agreements	103	
	102-42 Identifying and selecting stakeholders	67	
	102-43 Approach to stakeholder engagement	67	
	102-44 Key topics and concerns raised	67	
	102-45 Entities included in the consolidated financial statements	11	
	102-46 Defining report content and topic boundary	3	
	102-47 Material topics	71	
	102-48 Restatement of information		None
	102-49 Changes in reporting	3	
	102-50 Reporting period	3	
	102-51 Date of most recent report	3	
	102-52 Reporting cycle	3	
	102-53 Contact point for questions regarding the report	3	
102-54 Claims of reporting in accordance with the GRI Standards	3		
102-55 GRI context index	207		
102-56 External assurance	3		

GRI INDEX

GRI Standard	Disclosure	Page number	Omission
MATERIAL TOPICS			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8	
	103-2 The management approach and its components	8	
	103-3 Evaluation of the management approach	8	
GRI 201: Economic Performance 2016	201-1- Direct economic value generated and distributed	10	
	201-3 Defined benefit plan obligations and other retirement plans	98	
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8	
	103-2 The management approach and its components	8	
	103-3 Evaluation of the management approach	8	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	6, 87, 92	
	203-2 Significant indirect economic impacts	6, 87	
Procurement practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	89	
	103-2 The management approach and its components	89	
	103-3 Evaluation of the management approach	89	
GRI 204: Procurement Practices 2016	204-1 Proportion of sending on local suppliers	89	
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72	
	103-2 The management approach and its components	72	
	103-3 Evaluation of the management approach	72	
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	72	
Anti-competitive Behaviour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	46	
	103-2 The management approach and its components	46	
	103-3 Evaluation of the management approach	46	
GRI 206 Anti-competitive Behaviour 2016	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No legal action was taken during the year
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	105	
	103-2 The management approach and its components	105	
	103-3 Evaluation of the management approach	105	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	105	
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	104	
	103-2 The management approach and its components	104	
	103-3 Evaluation of the management approach	104	

GRI Standard	Disclosure	Page number	Omission
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations		None
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	98	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	101	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	100	
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	101	
	404-2 Programs for upgrading employee skills and transition assistance programmes	101	
	404-3 Percentage of employees receiving regular performance and career development reviews	101	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	96, 103	
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	103	
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98	
	103-2 The management approach and its components	98	
	103-3 Evaluation of the management approach	98	

GRI INDEX

GRI Standard	Disclosure	Page number	Omission
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	103	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	90	
	103-2 The management approach and its components	90	
	103-3 Evaluation of the management approach	90	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	90	
	413-2 Operations with significant actual and potential negative impacts on local communities		None
Marketing and Labelling			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	107	
	103-2 The management approach and its components	107	
	103-3 Evaluation of the management approach	107	
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications		None
Customer privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	84	
	103-2 The management approach and its components	84	
	103-3 Evaluation of the management approach	84	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		None
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	6	
	103-3 Evaluation of the management approach	6	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		None

ABBREVIATIONS

4G - Fourth Generation	OTT - Over The Top
5G - Fifth Generation	PAT - Profit After Tax
ADSL - Asymmetric Digital Subscriber Line	PBT - Profit Before Tax
BPO - Business Process Outsourcing	PEO TV - Personalised Entertainment Option Television
BSS - Billing Support System	PIOCMA - Pacific and Indian Ocean Cable Maintenance Agreement
CAPEX - Capital Expenditure	PoP - Point of Presence
CCC - Colombo City Centre	PSTN - Public Switched Telephone Network
CDMA - Code Division Multiple Access	RCS - Rich Communications Suite
CRM - Customer Relationship Management	SAFA - South Asian Federation of Accountants
CSP - Communication Service Provider	SDN - Software-Defined Networking
DC HSPA+ - Dual-Carrier High Speed Packet Access	SEA ME WE - South East Asia – Middle East – West Europe
DSP - Digital Service Provider	SEAIOCMA - South East Asia and Indian Ocean Cable Maintenance Agreement
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation	SLBN - Sri Lanka Telecom Broadband Network
EPF - Employees' Provident Fund	SLFRS - Sri Lanka Financial Reporting Standards
ERP - Enterprise Resource Planning	SLIM - Sri Lanka Institute of Marketing
ETF - Employees' Trust Fund	SME - Small and Medium Enterprise
FBB - Fixed Broadband	SOA - Service Oriented Architecture
FTTP - Fibre-To-The-Premises	
FTTN - Fibre-To-The-Node	
Gbps - Gigabits per second	
GRI - Global Reporting Initiative	
GTH - Global Telecommunications Holdings	
HDTV - High Definition Television	
HSPA - High Speed Packet Access	
ICT - Information and Communication Technologies	
ICTA - Information and Communication Technology Agency	
IDD - International Direct Dialling	
IMS - IP Multimedia Subsystem	
INED - Independent Non-Executive Director	
IoE - Internet of Everything	
IoT - Internet of Things	
IPTV - Internet Protocol Television	
ISP - Internet Service Provider	
ITU - International Telecommunication Union	
KPI - Key Performance Indicator	
KPO - Knowledge Process Outsourcing	
LED - Light Emitting Diode	
LGN - Lanka Government Network	
LTE - Long-Term Evolution	
MBB - Mobile Broadband	
Mbps - Megabits per second	
MIMO - Multiple-Input and Multiple-Output	
MoU - Memorandum of Understanding	
MPLS - Multi Protocol Label Switching	
NB-IoT - Narrowband Internet of Things	
NBN - National Backbone Network	
NED - Non-Executive Director	
NFV - Network Functions Virtualisation	
NGN - Next Generation Network of Sri Lanka	
OPEX - Operating Expenses	
OSS - Operational Support System	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fifth (25th) Annual General Meeting of Sri Lanka Telecom PLC will be held at 10.00 am on Wednesday, 11th May 2022 at the Lotus Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07 for the purpose of conducting the following Business:

AGENDA

1. Routine Business

- 1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2021 with the Report of the Auditors thereon.
- 1.2 To declare a first and final dividend of Rupees Two and Cents Two (LKR 2.02) per share as recommended by the Directors.
- 1.3 To elect as a Director, Mr. V. U. Kumar, who retires in terms of Articles 97 of the Articles of Association.
- 1.4 To elect as a Director, Mr. K A Vimalenthirarajah, who retires in terms of Articles 97 of the Articles of Association.
- 1.5 To re-elect as a Director, Ms. Lai Choon Foong, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
- 1.6 To re-elect as a Director, Mr. Mohan Weerakoon, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
- 1.7 To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.
- 1.8 To authorize the Directors to determine and make donations to charities.
- 1.9 To transact any other business of which due notice has been given.

2. Special Business

To consider and if thought fit to pass the Resolution set out below as a Special Resolution.

- > Delete the existing Article 114 of the Articles of Association of the Company in its entirety and replace with the following clause numbered as Article 114:

“The Directors may exercise all the powers of the Company to borrow money and may mortgage or charge its undertaking property and uncalled capital, or any part thereof and issue debentures, debenture - stock, convertible loan stock, and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, provided that the aggregate amount at any one time outstanding

of moneys borrowed by the Company exclusive of any temporary borrowing secured or unsecured from bankers or others in the ordinary course of business to meet temporary requirements, shall not without the previous sanction of an Ordinary Resolution of the Company exceed three times the total of:

- (i) the nominal amount of the issued and paid-up share capital of the Company for the time being; and
- (ii) The amount for the time being standing to the credit of its Retained Earnings Account in the books of the Company;

but nevertheless, no person dealing with the Company shall be concerned to see or inquire whether these limits are observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or recipient of the security had at the time when the debt was incurred or security given express notice that the limit hereby imposed had been or would thereby be exceeded.”

BY ORDER OF THE BOARD
SRI LANKA TELECOM PLC



Mahesh Athukorale
Group Company Secretary

11 April 2022
Colombo

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

FORM OF PROXY

I/We (holder of NIC No)
 ofbeing a member/members of Sri Lanka Telecom PLC
 hereby appoint
 (holder of NIC No) of.....whom failing*

Mr. Rohan Fernando whom failing*
 Mr. Lalith Seneviratne whom failing*
 Mr. Chan Chee Beng whom failing*
 Mr. Lawrence Paratz whom failing*
 Ms. Lai Choon Foong whom failing*
 Mr. Mohan Weerakoon, PC whom failing*
 Mr. Ranjith Rubasinghe whom failing*
 Mr. V U Kumar whom failing*
 Mr. K A Vimalenthirarajah

as my/our* proxy to represent me/us* to speak and vote for me/us* and on my/our* behalf as indicated below at the 25th Annual General Meeting of the Company, to be held on 11th May 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. Routine Business		
1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2021 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
1.2 To declare a first and final dividend of Rupees Two and Cents Two (LKR 2.02) per share as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
1.3 To elect as a Director, Mr. V.U.Kumar, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
1.4 To elect as a Director, Mr. K A Vimalenthirarajah, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
1.5 To re-elect as a Director, Ms. Lai Choon Foong, who retires by rotation in terms of Articles 91 & 92 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
1.6 To re-elect as a Director, Mr. Mohan Weerakoon, who retires by rotation in terms of Articles 91 & 92 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
1.7 To re- appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration:	<input type="checkbox"/>	<input type="checkbox"/>
1.8 To authorise the Directors to determine and make donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>
2. Special Business		
To pass the Special Resolution indicated in the Notice of the Meeting to amend Article 114 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our hand/seal given on this.....day ofTwo Thousand and Twenty Two.

.....
 Signature

*Please delete what is inapplicable.

Note : Instruction as to completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. Please indicate with an "X" in the space provided, how your proxy is to vote on each resolution. If no indication is given the proxy in his/her discretion will vote as he/she thinks fit.
3. In the case of a corporate member the proxy must be executed in accordance with the Articles of Association. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, Sri Lanka Telecom PLC, Lotus Road, Colombo 01 or sent to the e-mail address - sltagm2022@slt.com.lk not later than 48 hours before the time fixed for the holding of the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY

Sri Lanka Telecom PLC

LEGAL FORM

A public limited liability Company incorporated in Sri Lanka in September 1996, under the Conversion of Public Corporations of Government-Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987 and quoted on the Colombo Stock Exchange in January 2003.

COMPANY REGISTRATION NUMBER

PQ 7

STOCK EXCHANGE LISTING

1,804,860,000 Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

REGISTERED ADDRESS

Telecom Headquarters, Lotus Road, Colombo 1.

BOARD OF DIRECTORS

- > Mr. Rohan Fernando - *Chairman*
- > Mr. Lalith Seneviratne - *Director / GCEO*
- > Mr Lawrence Paratz
- > Mr. Chan Chee Beng
- > Ms Lai Choon Foong
- > Mr. Mohan Weerakoon, PC
- > Mr. Ranjith Ganganath Rubasinghe
- > Mr. V. U. Kumar
- > Mr. K. A. Vimalenthirarajah

AUDIT COMMITTEE

- > Mr. Mohan Weerakoon, PC - *Chairman*
- > Ms. Lai Choon Foong
- > Mr. V. U. Kumar
- > Mr. K. A. Vimalenthirarajah

REMUNERATION AND NOMINATION COMMITTEE

- > Mr. Chan Chee Beng - *Chairman*
- > Mr. Lawrence Paratz
- > Mr. Rohan Fernando

TECHNOLOGY SUBCOMMITTEE

- > Mr. Lawrence Paratz - *Chairman*
- > Mr. Lalith Seneviratne

SENIOR TENDER BOARD

- > Mr. K. A. Vimalenthirarajah - *Chairman*
- > Mr Mohan Weerakoon, PC
- > Ms Lai Choon Foong
- > Mr. V. U. Kumar

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- > Ms. Lai Choon Foong – *Chairperson*
- > Mr. Mohan Weerakoon, PC
- > Mr. K. A. Vimalenthirarajah

AUDITORS

Ernst & Young (Chartered Accountants), 201, De Saram Place, Colombo 10.

COMPANY SECRETARY

Mr Mahesh Athukorale

CREDIT RATING

Fitch Rating

National Long-Term Rating of AA-(lka)

Long-term issuer

Credit rating of B

BANKERS

Bank of Ceylon

Bank of China

Citi Bank N.A

Commercial Bank of Ceylon PLC

Deutsche Bank

DFCC Bank PLC

Hatton National Bank PLC

HSBC

National Savings Bank

Nations Trust Bank PLC

NDB Bank PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

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