

**Sri Lanka Telecom Limited and its Subsidiaries**  
**Consolidated Balance sheet as at 31 Dec 2002**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Assets</b>	<b>Rs.million</b>	<b>Rs.million</b>	<b>Rs.million</b>	<b>Rs.million</b>
<b>Non-Current assets</b>				
Property Plant & Equipment	56,721	59,093	54,976	59,090
Goodwill on Consolidation	374	-	-	-
Investments	710	1,151	2,071	1,176
Non-Current receivables	995	932	1,133	932
Deferred Tax Assets	2,712	5,225	2,712	5,226
	<b>61,512</b>	<b>66,401</b>	<b>60,892</b>	<b>66,424</b>
<b>Current Assets</b>				
Inventories	664	973	610	973
Receivables and Prepayments	9,380	9,010	9,146	8,998
Cash & Cash Equivalent	5,974	3,826	5,938	3,817
	<b>16,018</b>	<b>13,809</b>	<b>15,694</b>	<b>13,788</b>
<b>Total Assets</b>	<b>77,530</b>	<b>80,210</b>	<b>76,586</b>	<b>80,212</b>
<b>Equity and Liabilities</b>				
<b>Capital &amp; Reserve</b>				
Ordinary shares	18,049	18,049	18,049	18,049
Capital Reserves	188	188	188	188
Hedging Reserve	(1,146)	(888)	(1,146)	(888)
Retained earnings	21,706	19,608	21,763	19,612
	<b>38,797</b>	<b>36,957</b>	<b>38,854</b>	<b>36,961</b>
<b>Non Current liabilities</b>				
Borrowings	19,227	24,440	18,717	24,440
Deferred income	6,413	6,216	6,413	6,216
Retirement benefit obligation	429	330	411	329
Provision	86	86	86	86
	<b>26,155</b>	<b>31,072</b>	<b>25,627</b>	<b>31,071</b>
<b>Current liabilities</b>				
Trade & Other Payables	5,162	4,387	4,689	4,386
Borrowings	6,697	7,131	6,697	7,131
Deferred income	719	663	719	663
	<b>12,578</b>	<b>12,181</b>	<b>12,105</b>	<b>12,180</b>
<b>Total equity and liabilities</b>	<b>77,530</b>	<b>80,210</b>	<b>76,586</b>	<b>80,212</b>

**Notes:**

**1 Acquisition of Subsidiary**

During the period Sri Lanka Telecom Limited acquired 60% of the share capital of Mobitel (Private) Limited of which 40% of the share capital was already held by Sri Lanka Telecom Limited. Consequent to this transaction Mobitel (Private) Limited became a fully owned subsidiary of Sri Lanka Telecom Limited with effect from 1st November 2002. Initial recognition of acquisition of Mobitel (Private) Limited has been accounted under Purchase Method. Goodwill on consolidation will be amortised over a period of five years commencing from 1st November 2002.

**2 Other accounting policies**

All other accounting policies are consistent with those policies applied in the previous financial year.

**3 Effect of changing corporate tax rates.**

Following the Budget Proposal - 2003 announcements made in November 2002 the corporate tax rate applicable to the Company will be 30%. As a result, the tax effect of the deferred tax asset, amounting to Rs. 453 million, has been recognised as an income tax expense in arriving at the results for the year.

**This Balance Sheet is provisional and subject to audit**

**Signed on behalf of the Board**

**Thilanga Sumathipala**  
**Chairman**  
27-Feb-03

**Shuhei Anan**  
**CEO / Director**  
27-Feb-03