

INVESTING
FOR THE FUTURE



Sri Lanka Telecom

VISION

*To lead Sri Lanka to become the
hub of telecommunications
in South Asia*

MISSION

*“To anticipate and fulfil the
communications requirements
of all sectors of the nation,
in a service oriented work ethic
which will provide
total customer satisfaction
through the most modern
telecommunication facilities”*

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Highlights

Group

	2000 Rs. Mn	1999 Rs. Mn.	Change %
Total Revenue	19,605	18,281	7
Operating Profit before Depreciation	11,104	10,064	10
Depreciation	6,120	5,003	22
Operating Profit	4,984	5,061	(2)
Net Interest Cost	2,699	2,335	16
Non-Operating Income	106	474	(78)
Profit After Interest	2,391	3,200	(25)
Exchange Loss	1,477	875	69
Profit Before Tax	914	2,325	(61)
Profit After Tax	181	1,269	(86)
Shareholders' Funds	21,969	22,329	(2)
Total Assets	75,645	70,797	7
Total No. of Connections (Nos.)	653,144	580,199	13
Internet/E-mail Users	21,088	13,774	53



The year 2000 is a major milestone. It marks the end of the first major phase of investment.

Sri Lanka Telecom has invested the massive sum of Rs. 44 billion in the 4 years 1997, 1998, 1999 and 2000 to build the Telecom infrastructure in Sri Lanka. From a national perspective this is a most vital piece of infrastructure development, to facilitate the economic development of the country. What has been achieved leaves Sri Lanka well placed to face the challenges and exploit the opportunities at the beginning of the 21st century.

SLT has an impressive list of achievements.

Telephones

In the 40 months since SLT was partly privatised the customer base has expanded substantially from 275,000 in 1997 to 653,000 at the end of 2000. It plans to install another 80,000 telephones in 2001. These telephones cater to all sectors of the community. It is estimated that around 160,000 telephones are outside Urban Towns. About one third of the network caters to low users, whose monthly telephone bills excluding rental are below Rs. 250. This is a financially uneconomic investment, as the revenue does not cover the cost of capital. However, this like many of its other investments, which provide low returns, is a part of the vision and objective to build for the future.

Islandwide Exchanges

SLT now has a network of more than 400 telephone exchanges installed islandwide.

International Gateway

SLT built a new international telecommunication gateway exchange and invested in SEA- ME-WE III an undersea cable project, which connects Sri Lanka with the rest of the world by fibre optic cable, which facilitates high bandwidth transmission. This is especially valuable for data transmission. In addition it operates three Satellite Earth Stations. In total SLT has approximately 3,000 international circuits.



Fibre Optic Ring

It has built a 700 kilometre fibre optic ring encompassing four key provinces linking 15 major cities and towns and, in 2001 completed 4 more fibre optic rings in and around Colombo.



This facilitates high quality voice but more importantly enables the transmission of data around the country and data communication from any part of the country with the rest of the world. Sri Lanka Telecom now also has a completely digital network.

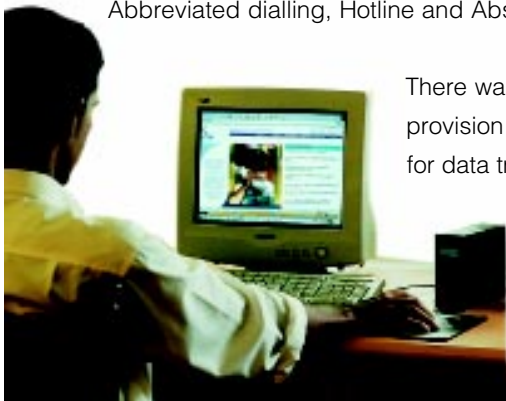
New Services

From the beginning of 2000 with the major infrastructure projects progressing expeditiously, SLT began its Phase 2 objective of improving current services, and creating new services that will use the infrastructure created.

Great progress was made in rehabilitating very old parts of the network in Colombo and some major urban centres, which was the major cause of telephone faults. Now the fault rates have dropped sharply and new initiatives to respond to addressing faults, have led to over 90% of faults in the Greater Colombo area being cleared within 24 hours. Introduction of the single access number 121 for fault reporting has also facilitated this achievement.

The provision of Internet facilities was enhanced and SLTnet was launched. A single access number 150 was introduced for dialup from anywhere in Sri Lanka. In addition international Internet roaming facilities were made available for SLTnet users.

A new package called SLT plus was launched offering a combination of seven services consisting of IDD without deposit, Call forwarding, Call waiting, Conference calling, Abbreviated dialling, Hotline and Absentee service.



There was an accelerated focus for total business solutions, the provision of leased lines, and provision of high bandwidth solution for data transmission, into and out of the country.

SLT now provides Integrated Services Digital Network (ISDN) facilities, to users who require this. SLT also provides video conferencing facilities.

Financial Challenge

The total infrastructure project was financed with debt and own generated funds. SLT did not receive a single rupee as finance from the shareholders. This meant that the financial profile had to be carefully managed. SLT did well in 2000. It reduced receivables by Rs. 0.64 billion and managed its cash flow well, and met all its loan repayments as scheduled and all its interest payments. None of its loans were rescheduled. It is now well placed to manage its longer-term cash flows.

There were two factors beyond the control of the Company that affected its financial performance. A significant (around 44%) of its loans are foreign denominated loans. The depreciation of the rupee meant that the value of these loans expressed in rupees increased, and the interest payments in rupees also increased.

The increase in the value of the loans had to be charged against the profits of the Company as a financial cost due to exchange loss. This amounted to Rs.1.48 billion.



Sri Lanka Telecom according to the Ministry of Posts & Telecommunications has a monopoly on international telephony both incoming and outgoing till August 2002. However, this monopoly position did not materialise in practice, and a substantial volume of calls bypassed SLT's international gateway. On an annualized basis the loss of revenue to SLT was around Rs. 2 billion.

These losses commenced from around early 1999. As the investment plans were based on expected revenues, this unexpected loss of revenue had to be met with increased borrowing. Consequently the total net interest cost was Rs. 2.7 billion in 2000.

Total revenue in 2000 at Rs. 19.61 billion was 7% higher than the previous year. Operating Costs were well controlled and despite the inflationary pressures and was contained at Rs. 8.50 billion with only a slight 3% increase.

The profit before depreciation and finance costs was up 10% and was Rs. 11.10 billion. Due to the heavy investment programme, depreciation increased by more than a billion rupees and was Rs. 6.12 billion. The operating profit before finance costs was Rs. 4.98 billion.

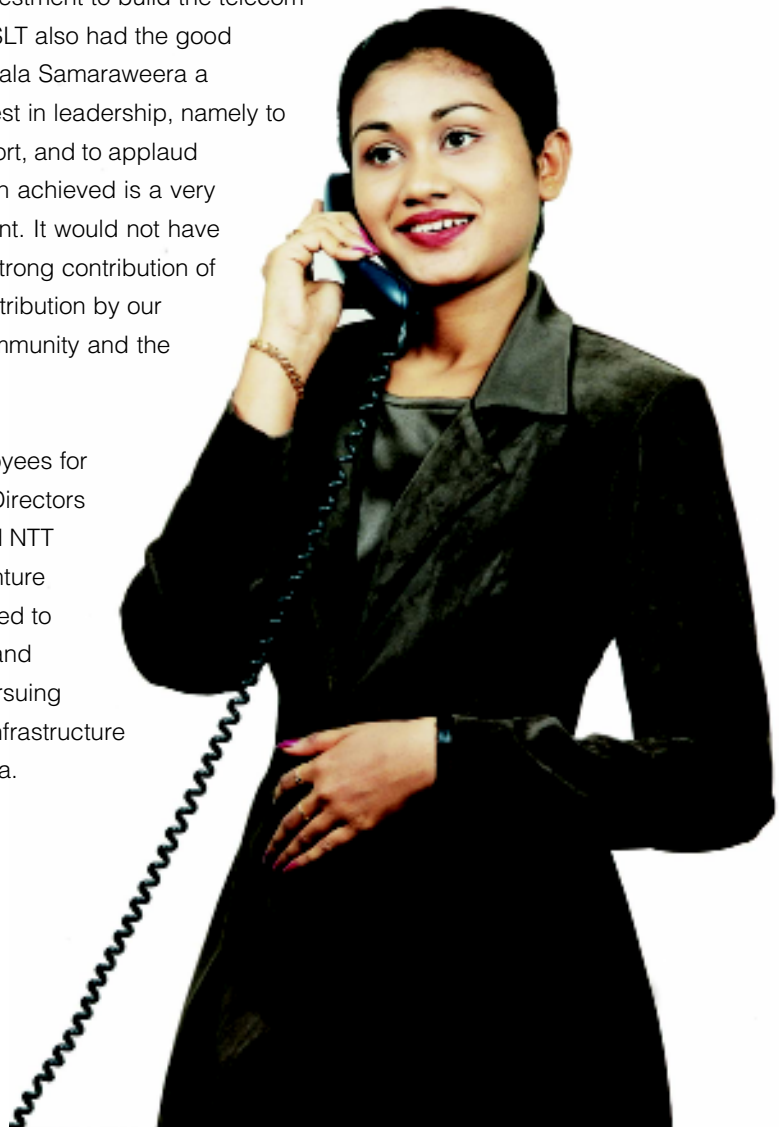
Due to the high borrowings to finance the infrastructure expansion net finance costs was Rs. 2.70 billion with addition of non-operating income of Rs. 106 million left a good profit of Rs. 2.39 billion but unfortunately foreign exchange losses of Rs. 1.48 billion left a profit before tax of Rs. 914 million.

The rationale of privatisation be it in the major developed countries in the West or elsewhere is to free enterprises from the stultifying atmosphere and the rules and bureaucracy of state enterprises, which is a feature of the system. The tremendous results achieved by SLT are an excellent example of what can be achieved through privatisation.

During the challenging years, which encompassed the transition to a privatised organisation, the building of the relationship with NTT as a joint venture partner and the phase of massive investment to build the telecom infrastructure in the country. SLT also had the good fortune to have in Hon. Mangala Samaraweera a Minister who practised the best in leadership, namely to encourage, to guide, to support, and to applaud achievements. What has been achieved is a very much a collective achievement. It would not have been a possible without the strong contribution of our employees, the great contribution by our partner NTT, the financial community and the Ministry.

I would like to thank all employees for their contribution, my fellow Directors for their help and support and NTT communications our joint venture partner who is totally committed to their obligations and helpful and cooperative at all times in pursuing our vision of creating a fine infrastructure for voice and data in Sri Lanka.

Lalith De Mel
Chairman





Taking Stock Mapping the Future

The process of growing up can be fascinating, it can be exciting, it can be painful. After growing monumentally since August 1997, when NTT bought a strategic slice of SLT, we have now reached a plateau. For us it is a plateau of reflection as we take stock, rest our feet for a while and devote our energies to mapping the future.

Perhaps our most notable achievements has been to create a 'living organisation'. We have created dynamism from inertia, a system from disorder and a spring in the toe of our clients and employees.

Hard Profits Stabilize

Financially we were forced to compromise in 2000. We had to take a cut in our financial performance so we could make a smooth transition to the next phase of our growth: to become a provider of state-of-the-art communications solutions.

Total revenue at Rs. 19.61 billion was 7% higher than the previous year. Costs were only 4% higher than the 1999 figure. The profit before depreciation was 11.10 billion, up by 10%. The operating profits, before finance costs were added, was Rs. 4.98 billion. Overall SLT made a net profit of 914 million before tax. Most of the borrowings went to finance the expansion of SLT's infrastructure.

Laying the Foundations

Over the past three years we have focussed on developing the following areas:

- Providing new connections in both urban and rural areas
 - Improving customer billing
- Responding to faults promptly and bringing the fault rate down
 - Improving the call completion ratio
 - Developing a client friendly approach
 - Developing our infrastructure

Our new Management Policy

Our previous management strategy focussed on eliminating the backlog of waiters, strengthening the autonomy of the management structure and moving forward more vigorously towards a culture of true private sector company.

In preparing our business plan for 2001 we have placed an emphasis on fully utilising the existing infrastructure, resources and service facilities. Considerable importance will also be attached to making viable investments in keeping with the cash flow of the Company. The development of non-voice communications, including Internet services will be given priority.

Our new management policy will be implemented in two phases. Phase I will lay emphasis on establishing a sound business base and strong financial management systems. Phase II will focus on achieving greater customer credibility through improved quality, enhanced competitiveness and self reliance.

S. Hashimoto

Chief Executive Officer



Building Better Infrastructure

Infrastructure development continued during the year. Switching, Outside Plant and Transmission capacities were increased to meet the growing demand for basic telephone services.

Such developments have not overlooked the global trend of gradual migration to Internet based services and the predicted exponential growth of Internet based traffic. New transmission systems in particular were designed, keeping the future broad band demand in mind. In addition it was envisaged that the newly laid copper access network will support broad band access to customers through a future upgrading exercise.

During the year, three major infrastructure projects funded by JBIC made substantial progress: one in the Colombo Metropolitan Region and the immediate outskirts, and two in the Regions. As with all large scale projects, the design has attempted to cater to a limited 3 year projected demand.

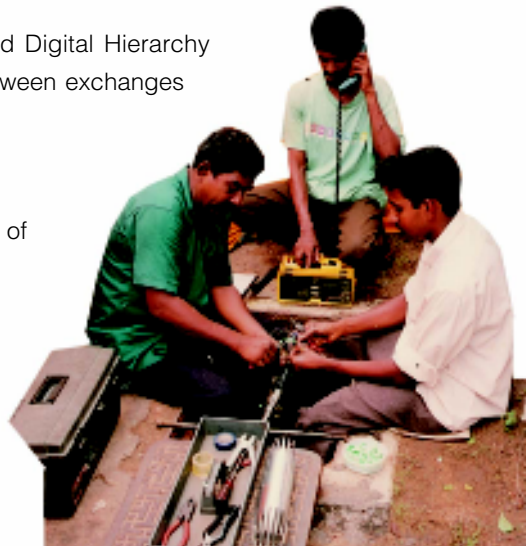
90,051 Switching lines, 110,860 Primary Pairs and 4926 2Mb/s transmission circuits were added during the year. Current capacities are 856,346 switching lines, 1,056,740 primary pairs and 7,678 2Mb/s transmission circuits.

Substantial investments have also been made in upgrading rural infrastructure. This resulted in providing 190,000 telephone connections.

Optical Fibre Access Technology was introduced for the first time. 60 Optical Fibre cabinets served remote population centres providing up to date telecommunication facilities to customers in the remote locations.

Four key strategies guided infrastructure development over the past few years:

- The extensive deployment of a fibre optic access system. This was done with the objective of moving towards more cost effective methods in reaching out to remote areas and customers.
- Exclusive use of fibre optic Synchronized Digital Hierarchy (SDH) ring configuration transmission between exchanges leading to higher reliability and efficiency.
- Introduction of user friendly Network Management Systems for the efficient use of transmission systems.
- Investment in state-of-the-art technology based international transmission systems keeping in mind the large bandwidth consuming Internet services of the future.



New Connections

Provision of telephone connections has been streamlined and today it is possible to obtain a new connection within 3 days in Colombo metro area. Other major cities, telephones are now available within couple of days. Still there exist certain areas where our network has not reached. In those areas, some are in waiting for telephones.

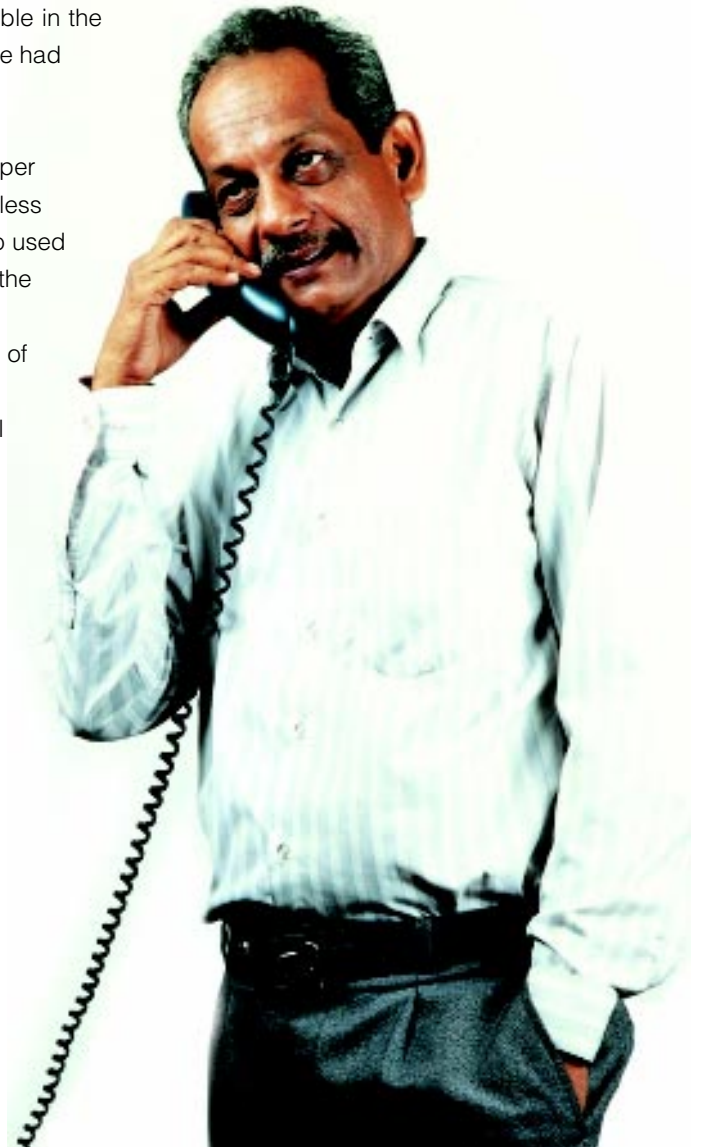
New Connections

1997	-	72,453
1998	-	143,075
1999	-	133,709
2000	-	90,647

In the year 2000 we connected 90,647 new customers to our network. Of this number 55,580 connections were given outside Colombo.

As at 31st December 1999 a total number of 580,198 direct exchange lines (DELs) were available in the SLT network. By the end of 2000 this figure had reached 653,144.

In addition to the utilization of normal copper loops, Digital Pair Gain Systems and wireless systems such as RLL and WILL were also used to connect new customers and increase the telephone density. These new radio technologies have helped make best use of our exchange facilities and provided wireless connections to a number of rural areas. During 2000 more than 170 villages were given telephone facilities where previously there were no facilities at all. In addition to this 1,177 card phones and coin phones were installed in all parts of the country. These public phones are integral to improving the quality of life of the public. It provides communication facilities for those who cannot afford to obtain a regular line.



Towards a fault free environment

A major expectation of our customers is to have a fault free telephone line. Our customer base has now exceeded 650,000 and this has required a sophisticated system to respond to faults. While one part of our strategy has been to improve preventive maintenance standards in order to minimise faults occurrence, the other part of our strategy has been to rectify faults quickly.

The '121' Faults Reporting Centres which were introduced in 1998 have been computerised to monitor and control faults clearance process. Colombo faults reporting centre has been connected to various exchanges in Colombo creating a Wide Area Network (WAN) in order to access information required for managing faults.

Rehabilitation of OSP

An extensive rehabilitation programme was launched during 2000 to improve the quality of outside line plant. The main activities carried out during the year were:

- Replacement of overhead joints with jelly filled connectors.
- Replacement of corroded Distribution Points and tag blocks in Cabinets.
- Replacement of the internal wiring at customer premises.
- Selection of four reputed suppliers for the supply of high quality telephone instruments and the introduction of a scheme for the acceptance and rejection of telephone instruments supplied by these entities.



All this contributed to reducing the occurrence of faults.

In the Colombo Metropolitan area, our fault clearance rate improved from 75% at the beginning of the year to 94% at the end of 2000.

In addition to the above, the regions were also provided with adequate transport facilities during this year and as a result the regions have improved their faults clearance rates dramatically from 68% to 79% during the year under review.

Call Completion Ratios go one step further

As part of our strategy to provide a higher quality of service, we have focussed over the past few years on increasing call completion ratios. Even though our voice lines are in perfect condition, it is important to be able to communicate at the first attempt. There should not be a blockage of calls due to lack of equipment or faults in the transport network.

Over the past year we were able to improve our call completion ratio from 40% at the beginning of 2000 to 43% at the end of 2000. Additional routes and circuits, an increase in switching and transmission capacities and increased customer base over the past year contributed to this. In 2001 we hope to take this figure to 46%.

Regional performance

For operational reasons SLT is divided into four regions:

- Metro which consists of Colombo and its suburbs;
- Region 1 which consists of the Central, Western/ North, North Western and North Central provinces;
- Region 2 which consists of the Uva, Southern, Sabaragamuwa and Western/ South provinces; and
- Region 3 which consists of the Northern and Eastern provinces.

The Region-wise breakdown for the new connections is as follows:

- 34,067 connections were provided in the Colombo Metro Region.
- 26,473 connections were provided in Region 1.
- 23,319 connections were provided in Region 2.
- 6,788 connections were provided in Region 3.

Metro

Last year was a remarkable year for the Metro Region. 34,067 new customer lines were provided in 2000 taking the Metro customer base over the 300,000 landmark. The metro region accounts for 51% of SLT's total customer base and 57% of SLT's revenue also comes from this region.

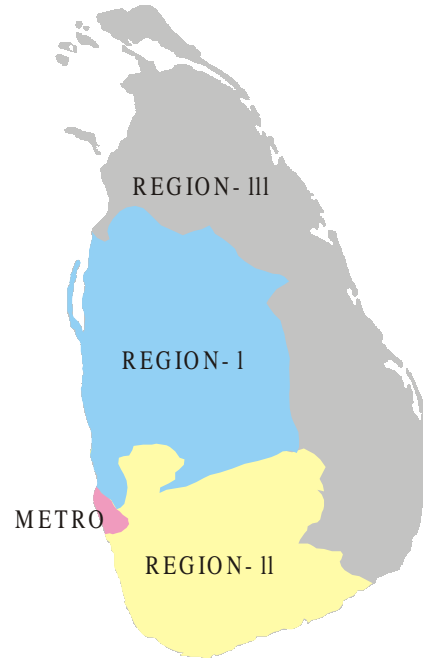
Zero faults in the Metro Region

Metro Region achieved a major historical milestone when all faults reported within the day were completely cleared within the same day.

This landmark was achieved through a number of preventive measures which included keeping the number of faults down, and training our staff to respond to faults promptly. Standard of discipline was improved through morning staff parades, the provision of uniforms and safety equipment, such as helmets, safety belts etc.

Fully-equipped Maintenance Vehicles

Another major achievement during the year was introduction of Maintenance Vehicles equipped with a Tool Box containing all necessary tools, measuring instruments, communication equipment and spare parts.



Region 1

Region 1 consists of nine RTOM areas: Kandy, Gampola, Matale, Kurunegala, Chilaw, Anuradhapura, Polonnaruwa, Negombo. During 2000 the customer base increased by 26,473 and brought the total number of customers in the region to 172,000 by the end of the year.

During 2000, high priority was given to outside plant maintenance. 301 card phones were installed in public places and 48 sub post offices were provided with new telephone connections in the region during 2000.

Region 2

Region 2 consists of 11 RTOM areas: Kegalle, Avissawella, Ratnapura, Badulla, Bandarawela, Hatton, Nuwara Eliya, Kalutara, Galle, Matara and Hambantota.

Again although our expected target was to provide 120 pay phones in the region during the year, in fact we set up 270 new pay phones.

The other aspect of customer care we have emphasized is training. Thirty-two seminars were held during 2000 to educate employees at all levels on customer care practices and to generate better customer relation skills.

Region 3

Region 3 consists of 7 RTOM areas: Mannar, Vavuniya, Kalmunai, Jaffna, Ampara, Batticaloa and Trincomalee. One of SLT strategies over the past few years has been to develop the switching and transmission capacities in difficult areas. With this in view SLT has embarked on a major infrastructure development programme in those areas to cater to communication needs.

In Jaffna, more than 525 new connections were given during the year 2000. The cable network in the Jaffna area is being expanded and this created about 300 additional loops. As an interim measure a V-SAT network was installed with the HUB station at Welikada. This system supports a 2 Mbps link to Jaffna for domestic traffic.

Construction of a new tower (120m) at Mannar was completed in May 2000 and re established the Microwave link to Jaffna via Mannar during the first week of August.

Internet Customer Base grows by 50%

Our Internet customer base grew by 50% during 2000 reinforcing our view that this is one of the major growth areas of the future.

As at 31 December 2000 there were 21,088 Internet and E-mail customers, up from the figure of 13,774 at the end of 1999. This included 178 dedicated Internet lease circuits at 64 Kbps and 128 Kbps.

SLT currently provides a state-of-the-art Internet Product Portfolio which includes:

- PSTN Dial-up at 56 Kbps
- ISDN Dial-up at 64 Kbps and 128 Kbps
- Internet Leased Line Services at 64 Kbps, 128 Kbps and 256 Kbps
- Client Mail Server Installations
- Complementing this substantial growth, the Internet Backbone bandwidth was enhanced to an aggregate of 10 Mbps

Dial up port capacity was enhanced to 1,062 ports during this year. Regional access servers were further expanded to Maradana, Havelock Town, Kandy and Galle thereby enhancing the quality of service.

Another attractive value added service offered during the year was access through a single number (150) from all over the island at a local telephone call rate. This is a unique service provided by SLT which is not provided by any other Internet Service Provider.

Internet customers were provided with an E fax service enabling them to direct their mails to fax. Internet Roaming was introduced and this created an interest particularly among those customers who travel frequently. It enables them to use their Internet account while travelling.

Internet billing was also improved during the year 2000. The 'Help Desk' activities were also enhanced by adding more staff and streamlining its procedures.

ISDN

Our ISDN customer base doubled during the year under review. 508 new customers joined SLT's ISDN service bringing the customer base to 814.

International ISDN services were extended to USA, Hong Kong, France and UAE. In addition to a direct ISDN Link to British Telecom, UK, direct ISDN links were opened with France, UAE, NTT Japan and VSNL India.

The ISDN service was extended to the Kandy Exchange during the year under review. Internet Access facilities for ISDN customers were increased to 120 circuits.

A single ISDN line allows for the simultaneous transmission and reception of voice, data, images and video. It speeds up the conduct of business and brings down transaction costs. SLT offers a range of ISDN services. These include:

High Speed Access to the Internet which helps to speed across the net in seconds and download files in a fraction of the time taken by analogue lines.

Video Conferencing which is an ideal alternative to face to face meetings.

High Speed Data and Image Transfer which speeds up the transmission of data at up to 50 times the normal speed. It helps especially in the high speed transmission of Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) files.

Desktop Conferencing which facilitates the sharing of information through a computer interactively. It enables the editing of text and images, facilitates sales presentations, product demonstrations and distance learning programmes.

Billing Systems Streamlined

During the past year all telephone bills were sent before the 15th of following month. For the collection of revenue, an effective credit control guideline is a vital requirement. This has been done and as a result the collection of revenue has been increased.

In order to maintain reliability, the update of payments on time is essential. To facilitate this, the Telecom Billing and Revenue (TBR) System network was extended to all major Billing Centres (RTOM Offices) and Teleshops.

In order to promptly attend to customer billing complaints 122 billing complaint centres has been established while the on line database access facility was provided to the billing centres where the TBR network facility was provided. Known as the Avacare System, it has helped to considerably enhance the efficiency of the billing centres.

We now provide customers with detailed billing statements. We believe this will help in developing client loyalty and ensuring transparency.

A New Public face through our Teleshops

Our teleshops have given the face of communications in this country an entirely new dimension. They are a one stop shops providing a wide range of service and products under one roof. At the end of the year under review we had 21 teleshops around the country. These teleshops, with highly trained staff and sophisticated technology, are entirely customer focussed and designed to meet the needs of an expanding client base.

These teleshops have become SLT's biggest sales channel. Customers have found these one stop shops an easy way of shopping for communications products and accessories. They have provided a comfortable and easily accessible vehicle for customers to communicate with their company.

A major part of the Company's business is now transacted at these teleshops and SLT has given considerable emphasis to developing the customer care skills of the staff at these centres.

The 2001 Directory

After consultations with members of the public and our customers, SLT decided to combine the residential directory with the business directory and issue a single volume for the Greater Colombo area. The Yellow Pages is issued as a supplement with this directory.

Enhancing Global Connectivity

During the year under review we added 445 new international circuits. The total number of international circuits now stands at 2,958.

A satellite to cable ratio of 1:2 has been achieved by migrating satellite routes to SEA-ME-WE-3 (SMW 3). This has resulted in a saving of approximately US \$ 100,000.

New direct voice routes were introduced with Starhub (Singapore) and NTT (Japan).

During this period the SLT internet backbone capacity increased from 83x64 Kbps to 165x64 Kbps with 2 Mbps links to NTT Japan, AT & T USA and Teleglobe, Canada.

Several international video programmes were uplinked utilizing the SLY FLY where SLT had to compete with international operators providing Satellite News Gathering (SNG) facilities and win the right to uplink these programmes.

A new 4.5 metre motorable antenna was installed at Padukka. This antenna will be utilized to provide digital TV uplinking facilities for SLRC and other broadcasters via any satellite system covering this region.

The fixed Earth Station's capacity for Digital Video Services was upgraded during the year. This was completed to meet Intelsat's Digitalization programme time schedule.

SLT's initial capacity of 220,000 MIU km in SMW 3 has been increased to 880,000 MIU km as a result of technology improvements in SEA-ME-WE-3. This enhanced capacity is available for provision to customers on a leased basis for IPLC, Internet backbone and related services.

The IDD service was extended to all countries to which SLT provides international services. As at 1st January 2001 IDD and Operator Assisted services were available to 222 countries.

No. 7 signalling with ISDN function was introduced with NTT (Japan), Starhub (Singapore), PTC (Pakistan) and CYTA (Cyprus).

Revising and Re-balancing Tariffs

SLT's tariff re-balancing process is designed to be a smooth one so as to minimize the effect of tariff changes on consumers. According to the agreement between NTT, SLT and the Government of Sri Lanka, the tariff restructuring process should be completed within 5 years and end by August 2002.

High IDD tariffs subsidized domestic tariffs. SLT tariffs had to be restructured to take account of the new market realities. It was not possible to maintain profitability and productivity in the face of competition and de regulation.

The upward revision in domestic rates was balanced by a reduction in international call charges. International call charges were reduced by approximately eight per cent.

Interconnections

SLT is the country's dominant telecommunications operator and possesses an islandwide telecommunication transport network. SLT also provides interconnections to both Fixed Wireless Local Loop (WLL) Operators and Cellular Mobile Operators. In both cases SLT provides a state-of-the-art service meeting international standards.

Telecom Financial Information Network System

All functions of finance have been computerised. The main system at Headquarters was networked to all finance sections including provincial accountants. It is expected to be completed by year 2001.

Stores and Inventory Control

Phase 1 of the stores and inventory control system was completed in 1999. It automated all the functions at the Peliyagoda stores and procurement works at Headquarters. Phase 2 of the project commenced in 2000 and all regional stores will be networked to the main system at Peliyagoda. It will automate stores functions and is expected to be completed in 2001.

Human Talent

Our human resource policy is to develop a highly motivated and committed group of persons with the required competencies, continuously keeping pace with technological advancements, matching international standards and enjoying the best terms and working conditions in the sector.

Training of SLT Staff

A massive training programme both off the job and on the job was launched during the year especially for our maintenance staff. The main objective of this training was not only to educate staff on effective repair work but also to provide a customer friendly service.

We also tried to develop a process to generate customer feedback. A special customer group was deployed at the SLT Headquarters and personally kept in touch with around 1,000 customers per day in order to obtain their comments for further improvements.

In 2000 most of the HRD programmes were organized at the Telecom Training Centres. SLT Training Centres extended its services to external candidates as well. Last year there were foreign participants from Kenya, Gambia and Tanzania under the sponsorship of Commonwealth Telecommunication Organization and 508 participants from various local organizations.

Customer Care Training

Customer Care Training once again took an important place in the overall training programme. The focus of the programme was on the development of the customer care skills of the middle level technical staff. Three hour sessions on customer care were included for all non-technical training programmes as well. Refresher training programmes on customer care and complaint handling were provided for all front office staff.

Marketing Training

In order to improve marketing skills and sales communication skills several guest resource persons trained our marketing and sales staff.

Weekend and evening English classes were continued in all Training Centres and the Headquarters for those employees who are interested in improving their English Language Skills.

Management Training

We continued with special programmes that focused on the development of management skills for the Middle Management. The Leadership Development Programme for senior staff was also continued.

Attitude Development Training

Several Attitude Development Training Programmes were conducted for Personal Assistants, Secretaries, Clerks and General Workers.

IT Training

About 50% of middle level staff were trained in MS Office to support the computerization of the various divisions. Managers were given a Training on IT applications. About 250, including some of the marketing staff were given a training on the Internet and the use of e-mail.

Technical Training

Special refresher training programmes were made compulsory for the relevant staff in order to improve the quality of service and the levels of customer care.

On the job training was provided in the field by localizing and clearing difficult faults and carrying out installations and rehabilitation programmes under the guidance and supervision of experienced instructional staff.

More than 400 workmen and supervisors of SLT contractors who carry out installations and maintenance work on behalf of SLT were trained at a subsidized rate.

System oriented training was continued with the help of model training exchanges and the transmission equipment available at training centres.

Safety at Work

In order to reduce occupational accidents the Training on Safety programme was made compulsory for all technical staff and more than 250 were trained during the year.

Human Resource Systems

Basic information pertaining to all employees is maintained in the Human Resource database. The system is networked to all human resource sections at the SLT Headquarters. Staff who deal with every aspect of human resources within the organisation use the system. Transfers, promotions and increments of staff are also done using this system.



Operating Revenue

The operating revenue was Rs. 19,605 million with a 7% annual increase.

The local telephone revenue was Rs. 10,327 million with an 18% annual increase. This good increase was made by continuous network expansion and tariff revision. The number of new connections during the year was 91,000 and the total number of line in service went up to 653,000 at the end of the year. The tariff revision from 1st of July increased the revenue by 6%.

The international telephone revenue was Rs. 2,872 million with a 2% annual increase. Although the international tariff was revised downward by 8%, coupled with the domestic tariff increase, the increase in traffic volume of international outgoing calls gave a small increase to the revenue.

The international inpayment fell to Rs. 5,309 million from Rs. 5,764 million in the previous year. As mentioned in the Chairman's Message a substantial volume of international incoming calls bypassed SLT's international gateway, and the settlement rates between operators decreased continuously. These two factors caused a two year consecutive drop in the revenue.

In 1999 the domestic revenue portion exceeded the half of total operating revenue and went up to 56% in 2000. The decline of international proportion was accelerated instead and it dropped to 42% in 2000 from 47% in 1999. The balance 2% is the revenue from other services such as leased circuit and Internet with a steady increase of 19%.

Operating Costs

The operating costs were Rs. 8,501 million with a 3% annual increase. The staff costs were Rs. 2,522 million with a 9% increase, equal to 30% of the total. The payments to foreign operators were Rs. 1,896 million with a 16% decrease, equal to 22% of the total. The repairs and maintenance costs were Rs. 824 million with a 12% increase, equal to 10% of the total. These three are major items in the operating costs.

Depreciation Cost

The depreciation cost was Rs. 6,120 million, increased from the previous year by Rs. 1,117 million. This significant increase was caused by the completion of large-scaled projects during 1999 and 2000.

Non-Operating Expenditure

The non-operating expenditure is mainly comprised of interest expense and other financial costs. The total financial costs were Rs. 3,039 million, increased from the previous year by Rs. 601 million. This was due to the increase in borrowings to finance the network expansion. Apart from this, the foreign exchange loss on foreign currency denominated loans due to the devaluation of Rupee was Rs. 1,477 million.

Profit

EBITDA was Rs. 11,104 million with a 10% annual increase and EBITDA margin was 57%. SLT invested Rs. 15.3 billion in 1999 and Rs. 8.9 billion in 2000 in the development of network. The huge amount of investment caused an increase of depreciation cost. The increase in

depreciation cost was Rs. 1,117 million. Consequently the operating profit was Rs. 4,984 million, representing a 2% decrease from 1999. As mentioned above the increase in total financial costs were Rs. 601 million. As a result, the profit before tax and exchange loss fell to Rs. 2,391 million from Rs. 3,200 million in the previous year. In addition the devaluation of Rupee had a significant impact on the profit before tax and made it fall down to Rs. 914 million from Rs. 2,325 million in 1999. As a result, the profit after tax dropped to Rs. 181 million from Rs. 1,269 million in 1999.

Earning per Share

The earning per share was Rs. 0.10, down from Rs. 0.70 in 1999.

Fixed Assets

The total amount of fixed assets was Rs. 61,386 million as of 31 December 2000. It increased by 6% in comparison with the previous year and equal to 81% of the total assets.

Capital Expenditure

The amount of capital expenditure was lower than in the last two years, but was still at the high level of Rs. 8,913 million. To meet the strong demand for network expansion throughout the country and for various enhanced services, the capital investment was made through several kinds of fund sources, including ODA, commercial bank loans, debenture issue and internally produced funds from operation.

Taxation

Since the conversion of SLT to a company it has invested Rs. 44 billion in capital projects, which accrues considerable tax benefits in the form of accelerated tax depreciation and investment tax allowance. Consequently, based on the current projections, SLT would not be required to pay income tax on the profits for a substantial period because these benefits will postpone such payments.

However, Generally Accepted Accounting Principles require recognition of taxes on income along with the generation of profits without waiting for actual payment. Therefore in compliance with this requirement taxes on income are continued to be recognized on a continuous basis in the form of deferred taxation.

Accordingly, as at 31 December 2000, a deferred tax liability of Rs. 6.9 billion is carried in the Balance Sheet, which will however, not result in any cash outflow in the near future.

Financing Activities

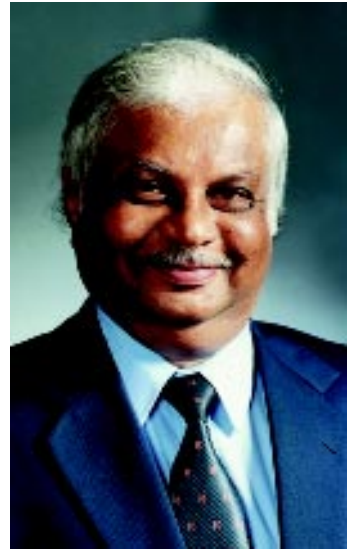
The total amount of borrowings added during the year was Rs. 7,635 million, which resulted in total debt amounting to Rs. 34,633 million. The strategy of diversifying financing options was developed while the Government loans based upon ODA fund continued to be the major source of finance. Rs. 1,600 million was obtained from a long-term syndicated loan and the first debenture was successfully issued with an amount of Rs. 1,500 million in March 2000. It was given AA+ rating by the credit rating agency.



Lalith De Mel



Satoru Hashimoto



Dhamika Amarasinghe



Shuhei Anan



Norio Asami



Norman Gunewardane



Ananda Goonatilleke



Rohan Wijeratne



Harsha Soysa



Lalith De Mel

Lalith de Mel was appointed Chairman of SLT in December 1998. He has completed the Tripos in Economics at Cambridge University and the AMP at Harvard Business School. He worked for Shell before joining Reckitt & Colman in Sri Lanka and was Managing Director in 1971. In 1977, he was appointed as Regional Director of Reckitt & Colman plc based at Corporate Headquarters in London. He was appointed to the Main Board of Reckitt & Colman plc UK in 1991, becoming Group Director for Asia, Far East, Africa and Australasia. In 1996, he assumed the responsibility for Reckitt & Colman Pharmaceuticals worldwide. He retired from Reckitt & Colman plc in 1999. He is now a Director of CDC Capital Partners, UK and a number of companies in Sri Lanka.

Satoru Hashimoto

Satoru Hashimoto is the CEO of SLT and has held this position since December 1999. He has an Engineering degree from Osaka University and has been with the NTT Group for 34 years. Previously he was President and CEO of the NTT subsidiary NTT International. He has worked as Chief of Operation Unit, Centre for Telecommunication Development at the International Telecommunications Union in Geneva.

Dhammika Amarasinghe

Dhammika Amarasinghe is a former Chairman of the Sri Lanka Insurance Corporation Limited. He brings to the Board a wide experience in the public service, insurance sector, the hospital sector and the banking industry. After graduating with an Economics degree from the University of Ceylon in 1961 he joined the public service and has held a number of senior appointments in the Highways Ministry and the Rehabilitation and Reconstruction Ministry.

Shuhei Anan

Shuhei Anan graduated with a Master's in Engineering from Waseda University, Japan in 1976 and has been with the Nippon Telegraph and Telephone Corporation (NTT) since that date. He has worked in both Thailand and Indonesia and has extensive experience with regard to the operation and maintenance of a variety of telecom operations and management.

Norio Asami

Norio Asami is the Chief Financial Officer at SLT. Since graduating with a B.Com. from Hitotsubashi University, he has been 27 years with the NTT Group and has functioned as the Financial Controller at NTT Data Communications Services and at the Kanto Regional Headquarters.

Norman Gunewardane

Norman Gunewardane had his training at the Royal Naval College, Dartmouth, UK and the Indian Midshipman's Training Establishment, Bombay. After serving with the Royal Ceylon Navy he joined Bonars Ceylon Limited and then Aitken Spence Co. Limited. In 1996, he retired as Chairman of Aitken Spence, but continues as a Director. He is the Chairman of Nordal Investment (Pvt) Limited and has been Honorary Consul for New Zealand since 1987. He served as a Member of the Telecommunications Regulatory Commission from 1997-2000.

Ananda Goonatilleke

Ananda Goonatilleke has been a Member of the Bar for 10 years and is a Member of the Bar Council of the Bar Association of Sri Lanka. He has graduated from the University of Ceylon. A former Director of the Associated Newspapers of Ceylon Limited. He is presently a Board member and a Working Director of the Sri Lanka Broadcasting Corporation, concurrently holding the position of Dy. Chairman of the Common Amenities Board.

Rohan Wijeratne

Rohan Wijeratne has a M.Sc. in Technology and Management from The American University, Washington D.C., U.S.A. He is an expert in Information Technology (IT) and has extensive experience in the Public, Private and International sectors. He was at the World Bank for ten years. He has held various senior positions in the Public sector including that of Advisor/Consultant to the Prime Minister and Minister of Industries, Science & Technology, Chairman of the Computer & Information Technology Council of Sri Lanka and was the Chairman of the Information Technology Sectoral Committee of the Sri Lanka Standards Institution. He has served on various Boards including The Arthur Clarke Center for Modern Technologies and was a Founder Director of Millennium Information Technologies Limited and Millennium IT Software Limited. He has also held various posts in industry associations in Sri Lanka and has presented and published various papers on IT. He currently serves on the Board of Rodev Lanka (Pvt.) Limited.

Harsha Soysa

Harsha Soysa is the Additional Secretary of the Ministry of Posts & Telecommunications. Graduating with a B.A. Degree in Economics from the University of Ceylon-Peradeniya in 1970, joined the Sri Lanka Administrative Service in 1973. He has served in different parts of the island in various capacities in the Public Service. Mr. Soysa was appointed to the Ministry of Posts, Telecommunications and the Media in 1998 as Senior Assistant Secretary and was appointed Additional Secretary in the year 2000.

With globalization, the importance of good corporate governance has increased. While the “Code of Best Practices” developed by the Institute of Chartered Accountants of Sri Lanka is not yet a mandatory requirement, in recognition of the importance of good Corporate Governance, Sri Lanka Telecom fully supports principles of corporate governance. Sri Lanka Telecom is committed to continuously improving standards of Corporate Governance. This commitment is driven by the recognition that there is a need for a system by which the Board of Directors can act diligently, transparently, honestly and independently to achieve an increase in shareholder value.

Effectiveness of the Board

The Board of Sri Lanka Telecom is composed of ten members. Of these ten, seven members are Non-Executive Directors. Six of these are Nominee Directors of the Government and one is a Nominee Director of NTT. The Chief Executive Officer, the Chief Financial Officer and the Chief Operations and Technical Officer are Executive Directors and also nominees of NTT with whom the Company also has a management agreement. The Non-Executive Board members have a wide range of experience and expertise and their details are provided on page 23.

As the Chairman of the Board is separate from that of the Chief Executive Officer the principle of separation of the two functions is maintained.

Directors’ Responsibilities

The Directors’ Report on page 27 to 29 embodies the principle that the preparation of the financial statements is the responsibility of the Board of Directors and not that of the Auditors. The financial statements are reviewed and approved by the Board prior to publication.

The Board of Directors is responsible for the strategic direction of the Company. Towards this, the management prepares an Annual Business Plan for the year along with rolling Financial Projections (budgets) for 10 years. The Annual Business Plan is carefully reviewed and once approved, management is responsible for implementing the Business Plan. The Board of Directors reviews progress at each Board Meeting. The Board also reviews the Business Plan on an on-going basis and makes necessary adjustments to the plan and the corresponding financial projections, as required. Based on the on-going review, management prepares a revised business plan at the middle of the financial year, if required. The Board reviews this mid-term revision and adjustments are approved as appropriate.

Committee Structures for the Board

To help the Board focus attention on specific matters, it has, from time to time, appointed ad-hoc Sub-Committees of the Board to address specific urgent matters. As risk management is a key responsibility of the Board, it has an Audit Sub-Committee. The Board also has a Remuneration Sub-Committee, which addresses remuneration matters.

These Sub-Committees have well defined Terms of Reference. They meet regularly, and they make reports to the full Board as and when necessary. The Board and the Sub-Committees have obtained professional advice as needed in carrying out their respective functions.

The Audit Sub-Committee consists of independent Non-Executive Directors. It reviews the audited financial statements and makes its recommendations to the full Board for approval prior to publication and submission to the shareholders at the Annual General Meeting. The Audit Sub-Committee works closely with the External Auditors and the Internal Auditors in fulfilling its mandate on the review of internal controls. It reviews accounting policies and where necessary, recommends adjustments, to the Board. The Audit Sub-Committee works with the management to streamline processes in the Company.

The Remuneration Sub-Committee, consisting of the Chairman, CEO and two specified Non-Executive Directors, reviews proposals for adjustments to remuneration scales. It has also initiated various actions with a view to strengthening our human resource base.

Board Meetings and Secretary to the Board

The Board of Directors meets at least once a month. At these monthly meetings the financial performance and progress is evaluated. During the year there were fourteen (14) Board Meetings. The Board Secretary, who has the necessary qualifications as required by law, records all decisions taken at these meetings.

Shareholder Relations

The Company has over seven thousand nine hundred shareholders. While the Government of Sri Lanka and NTT are the largest shareholders, with a combined holding of over 96.7% of the Company's shares, the balance are owned by employees and others. Therefore, the Annual Report which includes the Chairman's Message, the CEO's Message and audited accounts is the main source of information for the shareholders, particularly for the minority shareholders.

The Annual General Meeting provides the forum for discussion of the business, its future prospects, and other matters of interest and concern of shareholders.



The Directors present herewith the audited financial statements for the year ended 31 December 2000.

Formation

Sri Lanka Telecom (SLT) was established by an Incorporation Order made under Section 2, State Industrial Corporations Act No. 49 of 1957 and published in Gazette Extraordinary No. 596/11 of 6 February 1990. Under an Order made by the Minister of Posts and Telecommunications on 24 July 1991 under Section 23, Sri Lanka Telecommunications Act No. 25 of 1991 and published in Gazette No. 675 of 9 August 1991, all the property, 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 (1 September 1991) were vested in SLT.

As part of the privatisation process SLT was converted to a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987, vide Gazette Extraordinary No. 942/7 of 25 September 1996. Following the incorporation of SLTL, all of the business and related assets and liabilities of SLT were transferred to SLTL.

Subsequently, on 5 August 1997, the Government as the sole shareholder of SLTL divested 35% of its holding in the issued share capital of SLTL by the sale of 631,701,000 ordinary shares of Rs. 10 each to Nippon Telegraph and Telephone Corporation (NTT) and entering into an agreement with the latter to transfer the management of the Company.

On 2 July 1998, the Government of Sri Lanka divested a further 3.5% of the issued share capital of SLTL by the distribution of 63,170,010 ordinary shares to the employees of SLTL.

On 22 March 2000, NTT Corporation transferred the full amount of its shares in the Company to NTT Communications Corporation.

The Company sought and obtained a stock exchange listing from the Colombo Stock Exchange in March 2000, following a Board decision to issue Unsecured Redeemable five year Debentures 2000/2005 with a par value of Rs. 1,000 each, to the public. Consequent to the listed status conferred, the Company now comes under the supervision of the Securities Exchange Commission and the Colombo Stock Exchange.

Results

The results for the year and the Changes in Equity, are set out in the Income Statement on page 31 and in the Statement of Changes in Equity on pages 33 and 34 respectively.

State of Affairs

The state of affairs of the Company at 31 December 2000 is set out in the Balance Sheet on page 32.

Property, Plant & Equipment

The movements in property, plant & equipment during the year are set out in Note 8 to the financial statements. The value shown therein is not materially different from its current market value.

Group Activities

The main activity of the Group is providing domestic and international telephone services and other telecommunication services such as telex, telegraph, leased circuits, internet related services and data networks in Sri Lanka.

Dividends

The Directors do not recommend dividends for the year ended 31 December 2000.

Substantial Shareholdings

According to the share register, the undernoted held more than 5% interest in the issued share capital of the Company at the Balance Sheet date.

Government of Sri Lanka	61.5%
NTT Communications Corporation	35.2%

Directors

The Directors of the Company at 31 December 2000 were:

Mr J L C De Mel - <i>Chairman</i>	Appointed on 24 December 1998
Mr R N Wijeratne	Appointed on 6 August 1997
Mr T Sakagami	Appointed on 12 November 1997
Mr K A P Goonatilleke	Appointed on 24 December 1998
Mr D J Amarasinghe	Appointed on 4 May 1999
Mr S Anan	Appointed on 5 June 1999
Mr Satoru Hashimoto - <i>Chief Executive Officer</i>	Appointed as Director on 29 October 1999 and as CEO on 20 December 1999
Mr Norio Asami	Appointed on 20 December 1999
Mr H N Gunawardane	Appointed on 21 February 2000
Mr W H W Soysa	Appointed on 1 September 2000

Mr T Sakagami, a Director of the Company resigned office with effect from 1 January 2001.

Mr S S Ediriweera, a Director of the Company resigned office with effect from 25 August 2000.

Directors' Interests in Contracts and Proposed Contracts with the Company

The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 26 to the financial statements. The Directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at meetings of the Directors.

Directors' Interests in Shares of the Company

Mr R N Wijeratne, a Director of the Company held 20,543 shares in the Company during the year ended 31 December 2000.

None of the other Directors directly or indirectly held any shares in the Company during the year ended 31 December 2000.

Directors' Interests in Debentures of the Company

Mr R N Wijeratne and Mr H N Gunawardena, Directors of the Company, held 2,000 and 5,000 debentures of the Company issued during the year ended 31 December 2000.

None of the other Directors directly or indirectly held any debentures in the Company during the year ended 31 December 2000.

Donations

During the year the Company contributed Rs. 20,000 (1999 - Rs. 5 million) for charitable purposes.

Post Balance Sheet Events

No events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in, the financial statements, other than those disclosed in Note 28 to the financial statements.

Appointment of Auditors

A resolution to re-appoint our present Auditors, Messrs PricewaterhouseCoopers, Chartered Accountants, who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

By Order of the Board

(Sgd.) **Mrs. P.G. Dias**
Secretary

16 May 2001

**To the Members of Sri Lanka Telecom Limited for the year ended
31 December 2000**

We have audited the Balance Sheet of Sri Lanka Telecom Limited as at 31 December 2000, the Consolidated Balance Sheet of the Company and its Subsidiary as at that date, and the related Income, Changes in Equity and Cash Flow Statements for the year then ended, together with the Accounting Policies and Notes thereon appearing on pages 31 to 57.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Audit

We conducted our audit in accordance with Sri Lanka Auditing Standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the Directors, evaluating the overall presentation of the financial statements and determining whether the said financial statements are prepared and presented in accordance with Sri Lanka Accounting Standards. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 December 2000, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the related Income, Changes in Equity, Cash Flow Statements and the Accounting Policies and Notes thereto, which are in agreement with the said books and have been properly prepared and presented in accordance with Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 December 2000 and the results of its operations and its cash flows for the year then ended.

In our opinion, the Consolidated Balance Sheet and Income, Changes in Equity and Cash Flow Statements and the Accounting Policies and Notes thereto have been properly prepared and presented in accordance with the Sri Lanka Accounting Standards and the Companies Act, No. 17 of 1982 and give a true and fair view of the state of affairs as at 31 December 2000 and the results of its operations and its cash flows for the year then ended of the Company and its Subsidiary dealt with thereby, so far as concerns the members of the Company.

Directors' Interests in Contracts

According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 December 2000 except as stated in Note 26 to these financial statements.

**PricewaterhouseCoopers**

Colombo

9th May 2001

	Notes	Group		Company	
		2000	1999	2000	1999
		Rs.million	Rs.million	Rs.million	Rs.million
<i>For the year ended 31 December 2000</i>					
Revenue	1	19,605	18,281	19,605	18,281
Operating costs	2	(8,501)	(8,217)	(8,481)	(8,192)
Operating profit before depreciation		11,104	10,064	11,124	10,089
Depreciation	8	(6,120)	(5,003)	(6,119)	(5,001)
Operating profit		4,984	5,061	5,005	5,088
Non-operating income		64	447	64	447
Interest expense and related charges	4	(3,039)	(2,438)	(3,039)	(2,438)
Interest income		340	103	340	103
Profit share from Associate Company	9	42	27	42	27
Profit before tax and exchange fluctuation		2,391	3,200	2,412	3,227
Exchange fluctuation on foreign currency denominated loan		(1,477)	(875)	(1,477)	(875)
Profit before tax		914	2,325	935	2,352
Taxation	5	(733)	(1,056)	(733)	(1,056)
Profit after tax		181	1,269	202	1,296
Earnings per share	7	0.10	0.70	0.11	0.72

All the Group's activities are continuing activities.

The Accounting Policies on pages 36 to 40 and the Notes on pages 41 to 57 form an integral part of these financial statements.

As at 31 December 2000		Group		Company		
		2000	1999	2000	1999	
Notes		Rs.million	Rs.million	Rs.million	Rs. million	
Assets						
Non-current assets						
	Property, plant & equipment	8	61,386	58,136	61,496	58,224
	Investments	9	1,136	872	1,161	897
	Non-current receivables	10	910	883	910	883
			<u>63,432</u>	<u>59,891</u>	<u>63,567</u>	<u>60,004</u>
Current assets						
	Inventories	11	1,233	1,486	1,233	1,486
	Receivables and prepayments	12	7,343	8,280	7,342	8,279
	Cash & cash equivalents	13	3,637	1,140	3,634	1,138
			<u>12,213</u>	<u>10,906</u>	<u>12,209</u>	<u>10,903</u>
	Total assets		<u>75,645</u>	<u>70,797</u>	<u>75,776</u>	<u>70,907</u>
Equity and Liabilities						
Capital and reserves						
	Ordinary share capital	21	18,049	18,049	18,049	18,049
	Capital reserves	22	188	188	188	188
	Retained earnings		3,732	4,092	3,846	4,185
			<u>21,969</u>	<u>22,329</u>	<u>22,083</u>	<u>22,422</u>
Non-current liabilities						
	Borrowings	14	28,389	25,631	28,389	25,631
	Deferred tax liabilities	16	6,921	6,188	6,920	6,187
	Deferred income	17	5,900	5,408	5,900	5,408
	Provisions for liabilities and charges	19	332	321	331	320
			<u>41,542</u>	<u>37,548</u>	<u>41,540</u>	<u>37,546</u>
Current liabilities						
	Trade and other payables	18	5,295	4,913	5,314	4,932
	Borrowings	14	6,244	5,485	6,244	5,485
	Deferred income	17	595	522	595	522
			<u>12,134</u>	<u>10,920</u>	<u>12,153</u>	<u>10,939</u>
	Total equity and liabilities		<u>75,645</u>	<u>70,797</u>	<u>75,776</u>	<u>70,907</u>

The Accounting Policies on pages 36 to 40 and the Notes on pages 41 to 57 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 9th May 2001 and were signed on its behalf by:

(Sgd.) Satoru Hashimoto
Director

(Sgd.) Norio Asami
Director

	Notes	Share capital Rs.million	Capital reserves Rs.million	Retained earnings Rs.million	Total Rs.million
<i>As at 31 December 2000</i>					
Group					
Balance at 1 January 1999					
- as previously reported		18,049	188	3,530	21,767
- prior year adjustment	6	-	-	(256)	(256)
As restated		18,049	188	3,274	21,511
Dividend for 1998		-	-	(451)	(451)
Net profit		-	-	1,269	1,269
Balance at 31 December 1999		18,049	188	4,092	22,329
Balance at 1 January 2000					
- as previously reported		18,049	188	4,348	22,585
- prior year adjustment	6	-	-	(256)	(256)
As restated		18,049	188	4,092	22,329
Dividend for 1999		-	-	(541)	(541)
Net profit		-	-	181	181
Balance as at 31 December 2000		18,049	188	3,732	21,969

The Accounting Policies on pages 36 to 40 and the Notes on pages 41 to 57 form an integral part of these financial statements.

<i>As at 31 December 2000</i>	Notes	Share capital Rs.million	Capital reserves Rs.million	Retained earnings Rs.million	Total Rs.million
Company					
Balance at 1 January 1999					
- as previously reported		18,049	188	3,533	21,770
- prior year adjustment	6	-	-	(193)	(193)
As restated		<u>18,049</u>	<u>188</u>	<u>3,340</u>	<u>21,577</u>
Dividend for 1998		-	-	(451)	(451)
Net profit restated for the effect of the prior year adjustment		-	-	1,296	1,296
Balance at 31 December 1999		<u>18,049</u>	<u>188</u>	<u>4,185</u>	<u>22,422</u>
Balance at 1 January 2000					
- as previously reported		18,049	188	4,351	22,588
- prior year adjustment	6	-	-	(166)	(166)
As restated		<u>18,049</u>	<u>188</u>	<u>4,185</u>	<u>22,422</u>
Dividend for 1999		-	-	(541)	(541)
Net profit		-	-	202	202
Balance as at 31 December 2000		<u>18,049</u>	<u>188</u>	<u>3,846</u>	<u>22,083</u>

The Accounting Policies on pages 36 to 40 and the Notes on pages 41 to 57 form an integral part of these financial statements.

		Group		Company	
		2000	1999	2000	1999
For the year ended 31 December 2000		Rs.million	Rs.million	Rs.million	Rs.million
	Notes				
Operating activities					
Cash generated from operations	23	12,617	10,745	12,635	10,771
Interest received		301	107	301	107
Interest paid		(3,352)	(2,391)	(3,352)	(2,391)
Net cash generated from operating activities		9,566	8,461	9,584	8,487
Investing activities					
Acquisition of property, plant & equipment		(8,672)	(15,606)	(8,691)	(15,632)
Acquisition of investments	9	(222)	(68)	(222)	(68)
Disposal of property, plant & equipment		Nil	389	Nil	389
Net cash used in investing activities		(8,894)	(15,285)	(8,913)	(15,311)
Financing activities					
Deferred expenditure		Nil	(10)	Nil	(10)
Proceeds from long-term borrowings		6,135	11,244	6,135	11,244
Payment on long-term borrowings		(5,353)	(3,143)	(5,353)	(3,143)
Dividends paid		(216)	(992)	(216)	(992)
Proceed from issue of debentures		1,500	Nil	1,500	Nil
Net cash from financing activities		2,066	7,099	2,066	7,099
Increase/(decrease) in cash & cash equivalents					
		2,738	275	2,737	275
Movement in cash & cash equivalents					
At start of year		886	611	884	609
Increase/(decrease)		2,738	275	2,737	275
At end of year	13	3,624	886	3,621	884

The Accounting Policies on pages 36 to 40 and the Notes on pages 41 to 57 form an integral part of these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

1. Basis of Preparation

The consolidated financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The consolidated financial statements are prepared under the historical cost convention.

2. Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Consolidated financial statements are prepared using purchase method under which subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All Inter-Company transactions, balances and unrealised surpluses and deficits on transactions between Group Companies have been eliminated. The accounting policies of the Subsidiary are as same as those of the Company. No disclosure of minority interest is made as the former is a Wholly Owned Subsidiary.

The Group reporting dates are set out in Note 20.

3. Investments in Associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising in the Income Statement the Group's share of the Associates' profit or loss for the year. The Group's interest in the Associate is carried in the Balance Sheet at an amount that reflects its share of the net assets of the Associate.

The Group's principal associated undertaking is shown in Note 20.

4. Foreign Currencies

Foreign currency transactions in Group companies are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statement. Such balances are translated at year end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Where they arise on foreign currency loans incurred to acquire or construct qualifying assets as defined in SLAS 20 are capitalised as part of tax qualifying assets. All other gains and losses are recognised in the Income Statement to the extent that they are regarded as an adjustment to interest cost.

5. Investments

Long-term investments are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Income Statement.

6. Property, Plant & Equipment

Property, plant & equipment is carried at cost less accumulated depreciation, less a provision for any permanent diminution in value.

Cost includes all costs directly attributable to bringing an asset to working condition for its intended use.

Cost in the case of the network comprises all expenditure up to and including the cabling within customers' premises, undersea cables, contractors' charges and payments on account of materials, customs duty and borrowing costs.

Significant renovations are capitalised if they extend the life of the asset beyond its originally estimated useful life or increase its value. Maintenance, repairs and minor renewals are charged to income as incurred.

Property, plant & equipment that are disposed of are eliminated from the Balance Sheet, along with the corresponding accumulated depreciation. Any gain or loss resulting from such disposal is included in current income. Gains and losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

The basis of valuation used on the transfer of assets from SLT to SLTL is explained under the heading "Assets acquired on incorporation" in paragraph 7 to the Accounting Policies.

Depreciation is calculated on a straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Freehold buildings	50 years
Ducts and other outside plant	10 to 25 years
Undersea cables (included under ducts, cables and other outside plant)	8 to 10 years
Telephone exchanges and transmission equipment	12.5 years
Motor vehicles	5 years
Other fixed assets	5 to 10 years

Freehold land is not depreciated, as it is deemed to have an infinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Interest costs on borrowings to finance the construction of property, plant & equipment are capitalised, during the period of time that is required to complete and prepare the property for its intended use, as part of the cost of the asset.

7. Assets Acquired on Incorporation

As at 1 September 1991 the Department of Telecommunications (DOT) transferred its entire telecommunications business and related assets and liabilities to SLT. A valuation was performed by the Government of the assets and liabilities transferred to SLT. The net amount of those assets and liabilities represents SLT's contributed capital on incorporation, and those values were used for the opening cost of fixed assets at 1 September 1991 in the first statutory financial statements of SLT for the year ended 31 December 1991.

Further SLT was converted into a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 and on that date all of the business and the related assets and liabilities of SLT were transferred to SLTL as part of the privatisation process.

8. Inventories

All inventories are held to be used by the Company in providing its services. Inventories are stated at the lower of cost and net realisable value. For this purpose, the cost of inventories is based on the standard costs which, is reduced by the corresponding price variance at the year end. Cost is calculated on a first in first out basis. Provision is made for slow-moving and obsolete inventories, which are not expected to be used internally.

9. Trade Receivables

Receivables are carried at anticipated realisable value, after providing for bad and doubtful amounts.

10. Cash & Cash Equivalents

For the purpose of the Cash Flow Statement, cash & cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included under current borrowings.

11. Deferred Insurance Premium

Insurance premium paid by the Company to secure foreign loans under the 150K Project Scheme has been deferred on the grounds that the benefit of this expenditure is not exhausted in the period in which it is incurred and will be written off to the Income Statement over the repayment period of the loans.

12. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

13. Borrowing Costs

Borrowing costs are written off to the Income Statement as incurred, unless they relate to borrowings which fund significant capital projects, in which case they are capitalised with the relevant fixed asset up to the date of commissioning, and written off to the Income Statement over the period during which the asset is depreciated. Borrowing costs include interest charged, commitment fees, guarantee premium and exchange differences on foreign loans to the extent that they are regarded as an adjustment to interest costs.

14. Taxation

Taxes on income are accounted for using the liability method. Under this method the expected tax effect of temporary differences between the figures used for financial reporting and income tax reporting purposes are recorded as deferred taxes at the rates that are expected to apply when the temporary differences reverse.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method the Group is required to make provision for deferred income taxes on revaluations, if any, of non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings.

The principal temporary differences arise from depreciation on property, plant & equipment, revaluations of certain non-current assets, provisions for retirement benefits and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

15. Defined Benefit Plan

SLTL as a matter of policy obtains actuarial valuation of the retirement benefit liability once in three years.

An actuarial valuation was carried out by an independent professional Valuer to ascertain the full liability arising in terms of the Payment of Gratuity Act, No. 12 of 1983, in respect of all employees of SLTL as at 31 December 1998 which is valid up to 31 December 2000. The valuation was made adopting the Projected Unit Credit Method as recommended by the Sri Lanka Accounting Standards No. 16- Retirement Benefit Costs.

The assumptions based on which the results of the actuarial valuation was determined, include the rate of interest for discounting future cash flows, rate of salary increases, mortality, withdrawal and disability and retirement age.

The liability is not funded externally.

16. Defined Contribution Plan

All employees of SLTL are members of the Employees' Provident Fund and the Employees' Trust Fund to which SLTL contributes 15% and 3% respectively of such employees' basic salary and allowances.

17. Revenue Recognition

Revenue, comprises the value of services provided and equipment sales.

Revenues for all services are recognised when earned. Billings for local telephone services were made on a monthly basis during the year ended 31 December 2000.

Revenues are received from the customers and other network operators, for the use of its network and completing connections. A proportion of the revenue received is paid to other foreign operators in turn for the use of their networks, where appropriate. These revenues and costs are stated gross in these financial statements. Amounts due to and receivable from the same operators are also shown gross unless there is a right of set-off exists.

Revenues on equipment sales are recognised on the completion of the sales transaction.

Connection fees are treated as deferred income and amortised to the Income Statement over 15 years and, recognised in the revenue.

18. Comparatives

Where necessary, comparative figures have been adjusted to conform with a change in accounting policy on investments with changes in presentation in the current year.

The policy followed by the Company in its financial statements in accounting for investments in the associated undertaking was changed during the year.

The value of the investment in the associated undertaking which was previously accounted under the cost method, is now accounted under the equity method of accounting. Accordingly, the Income Statement and the Balance Sheet of the Company reflects the Company's share of the results of the operations of the Associate and the post acquisition change in the Company's share of net assets of the Associate.

The Directors are of the view that the proposed treatment gives a fairer picture of the results for the year and the assets and liabilities at the Balance Sheet date.

1. Revenue

The significant categories under which revenue is recognised is as follows:

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Release of deferred connection charges (Note 17)	600	537	600	537
Rental income	1,594	1,260	1,594	1,260
Domestic call revenue	8,608	7,298	8,608	7,298
Receipts from other network operators - domestic	125	190	125	190
International call revenue	1,953	2,075	1,953	2,075
Receipts from other network operators - international	919	741	919	741
International settlements (in payments) [Note (a)]	5,309	5,764	5,309	5,764
Telex, data transmission and other telephony services	497	416	497	416
	19,605	18,281	19,605	18,281

- (a) The Company is experiencing a reduction in international settlements. The Directors are of the view that some international calls are by passing the SLTL gateway for such reduction in revenue to occur. This issue has been referred to the Telecommunication Regulatory Commission.

2. Operating Costs

The significant categories of operating costs are as follows:

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Staff costs (Note 3)	2,522	2,313	2,522	2,313
Payments to international network operators	1,896	2,251	1,896	2,251
Payments to other network operators - domestic	33	–	33	–
Payments to other network operators - international	374	–	374	–
Auditors' remuneration	3	3	3	3
Repairs and maintenance	824	735	824	735
Electricity	264	229	264	229
Bad debt/Stock provisions	660	421	660	421
Net foreign exchange gains on operating activities	(230)	(100)	(230)	(100)
Payments to NTT Communications Corporation [Note (a)]	508	451	508	451
Disallowed GST inputs	461	478	461	478
Travelling, administration and other operating expenses	1,186	1,436	1,166	1,411
	8,501	8,217	8,481	8,192

- (a) Payments to NTT Communications Corporation represents amounts payable (to NTT Communications Corporation) on account of salaries and expenditure of seconded experts and management fees (refer Note 26).

- (b) The above expenses include Directors' emoluments for the year 2000 of Rs. 48 million (1999 - Rs. 41 million). This includes fees paid to NTT of Rs. 47 million (1999 - Rs. 40 million) for the secondment of expatriate personnel who are also Directors of SLTL.
- (c) The Company had adopted the second determination ruled by the Telecommunications Regulatory Commission of Sri Lanka in December 1998, with respect to the settlements to the other network operators starting from the current year. Accordingly, payments have been made to the other network operators, starting this year.

3. Staff Costs

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Salaries, wages and allowances	2,277	2,084	2,277	2,084
Provident and Trust Fund contributions	245	229	245	229
	<u>2,522</u>	<u>2,313</u>	<u>2,522</u>	<u>2,313</u>

4. Finance Costs

	Group/Company	
	2000 Rs.million	1999 Rs.million
Interest expense and related charges		
Rupee loans (long-term)	1,524	1,260
Rupee loans (short-term)	85	174
Foreign currency loans	1,883	1,419
Debenture interest	167	-
Other charges [Note (a)]	80	75
Total interest payable	<u>3,739</u>	<u>2,928</u>
Interest capitalised	<u>(700)</u>	<u>(490)</u>
Total interest charged	<u>3,039</u>	<u>2,438</u>

- (a) Other charges are for interest on bank overdrafts and the guarantee premium paid for 150K projects.

5. Taxation

The charge for taxation is made up as follows:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Current tax	-	-
Deferred tax charge	733	1,056
	<u>733</u>	<u>1,056</u>

No income tax is payable for the year in view of tax losses available for carry forward. At 31 December 2000, tax losses available for carry forward amounted to approximately Rs. 19,000 million (1999 - Rs. 15,000 million).

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company, as follows:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Net profit before taxes	935	2,325
Expenses not deductible	1,446	1,134
Income not subject to tax	(288)	(443)
	<u>2,093</u>	<u>3,016</u>
Tax at 35%	733	1,056

Further information about deferred tax is presented in Note 16.

6. Prior year Adjustments

- (a) As explained in the Accounting Policy No. 18, the policy followed by the Company in accounting for associated undertakings was changed during the year. The change in the accounting policy was treated as a prior year adjustment in accordance with the recommendation made in Sri Lanka Accounting Standard No. 10 - Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies. The Directors take the view that the proposed treatment gives a fairer presentation of the results for the year and assets and liabilities at the Balance Sheet date.

The impact of this change is set out below:

	Company Rs.million
Increase in retained profit at 1 January 1999	63
Increase in retained profit for the year ended 31 December 1999	27
Increase in retained profit at 1 January 2000	<u>90</u>

- (b) The Company had debts of Rs. 256 million due in respect of telephony services provided to Government departments and other governmental institutions at the Balance Sheet date. This amount represents the unsettled balance out of those debts recognised when the initial Balance Sheet of SLTL was prepared. The shareholders' agreement specified that government debts recognised in the initial Balance Sheet of SLTL (drawn up as at 25 September 1996 when the Company was incorporated) would be settled by 31 October 1997. Due to the uncertainty of the time period within which such debts are likely to be settled, it has been considered prudent to provide for these debts. Since such debts were initially recognised in the initial Balance Sheet of SLTL, the charge had been made against retained profits.

The impact of this change is set out below:

	Group/Company <u>Rs.million</u>
Decrease in retained profit at 1 January 1999	(256)
Decrease in retained profit for the year ended 31 December 1999	-
Decrease in retained profit at 1 January 2000	<u>(256)</u>

The net effect of the above changes is set out below:

	Group/Company	
	<u>Rs.million</u>	<u>Rs.million</u>
Increase/(Decrease) in retained profit at 1 January 1999	(256)	(193)
Increase/(Decrease) in retained profit for the year ended 31 December 1999	-	27
Increase/(Decrease) in retained profit at 1 January 2000	<u>(256)</u>	<u>(166)</u>

7. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2000	1999	2000	1999
	Rs.million	Rs.million	Rs.million	Rs.million
Net profit attributable to shareholders (Rs. million)	181	1,269	202	1,296
Weighted average number of ordinary shares in issue (million)	1,805	1,805	1,805	1,805
Basic earnings per share	0.10	0.70	0.11	0.72

All ordinary shares are at a par value of Rs. 10/-.

8. Property, Plant & Equipment

Group

	Freehold land and buildings Rs.million	Ducts, cables and other outside plant Rs.million	Telephone Exchanges Rs.million	Transmission equipment Rs.million	Other fixed assets Rs.million	Contract work-in- progress Rs.million	Total Rs.million
Year ended 31 December 1999							
Opening net book amount	1,178	25,525	6,214	6,062	672	7,393	47,044
Additions	8	1,591	640	159	402	13,304	16,104
Transfers from work-in-progress	322	7,297	1,641	1,117	189	(10,566)	-
Disposals	(5)	(4)	-	-	-	-	(9)
Inter-Group transfers	-	6	-	-	(6)	-	-
Depreciation charge (Note 2)	(22)	(3,452)	(686)	(601)	(242)	-	(5,003)
Closing net book amount	<u>1,481</u>	<u>30,963</u>	<u>7,809</u>	<u>6,737</u>	<u>1,015</u>	<u>10,131</u>	<u>58,136</u>
At 31 December 1999							
Cost or valuation	1,589	44,451	10,937	8,977	1,955	10,131	78,040
Accumulated depreciation	(108)	(13,488)	(3,128)	(2,240)	(940)	-	(19,904)
Net book amount	<u>1,481</u>	<u>30,963</u>	<u>7,809</u>	<u>6,737</u>	<u>1,015</u>	<u>10,131</u>	<u>58,136</u>
Year ended 31 December 2000							
Opening net book amount	1,481	30,963	7,809	6,737	1,015	10,131	58,136
Additions	37	3,344	1,405	1,703	265	2,618	9,372
Transfers from work-in-progress	82	2,455	744	779	144	(4,204)	-
Disposals	-	-	-	-	(2)	-	(2)
Inter-Group transfers	-	-	-	-	-	-	-
Depreciation charge (Note 2)	(27)	(4,204)	(864)	(728)	(297)	-	(6,120)
Closing net book amount	<u>1,573</u>	<u>32,558</u>	<u>9,094</u>	<u>8,491</u>	<u>1,125</u>	<u>8,545</u>	<u>61,386</u>
At 31 December 2000							
Cost or valuation	1,708	50,250	13,086	11,459	2,355	8,545	87,403
Accumulated depreciation	(135)	(17,692)	(3,992)	(2,968)	(1,230)	-	(26,017)
Net book amount	<u>1,573</u>	<u>32,558</u>	<u>9,094</u>	<u>8,491</u>	<u>1,125</u>	<u>8,545</u>	<u>61,386</u>

8. Property, Plant & Equipment (Contd.)

Company

	Freehold land and buildings Rs.million	Ducts, cables and other outside plant Rs.million	Telephone Exchanges Rs.million	Transmission equipment Rs.million	Other fixed assets Rs.million	Contract work-in- progress Rs.million	Total Rs.million
Year ended 31 December 1999							
Opening net book amount	1,178	25,525	6,214	6,062	668	7,457	47,104
Additions	8	1,591	640	159	412	13,320	16,130
Transfers from work-in-progress	322	7,297	1,641	1,117	189	(10,566)	–
Disposals	(5)	(4)	–	–	–	–	(9)
Inter-Group transfers	–	6	–	–	(6)	–	–
Depreciation charge (Note 2)	(22)	(3,452)	(686)	(601)	(240)	–	(5,001)
Closing net book amount	1,481	30,963	7,809	6,737	1,023	10,211	58,224
At 31 December 1999							
Cost or valuation	1,589	44,451	10,937	8,977	1,961	10,211	78,126
Accumulated depreciation	(108)	(13,488)	(3,128)	(2,240)	(938)	–	(19,902)
Net book amount	1,481	30,963	7,809	6,737	1,023	10,211	58,224
Year ended 31 December 2000							
Opening net book amount	1,481	30,963	7,809	6,737	1,023	10,211	58,224
Additions	37	3,344	1,405	1,703	263	2,639	9,391
Transfers from work-in-progress	82	2,455	744	779	144	(4,204)	–
Disposals	–	–	–	–	–	–	–
Inter-Group transfers	–	–	–	–	–	–	–
Depreciation charge (Note 2)	(27)	(4,204)	(864)	(728)	(296)	–	(6,119)
Closing net book amount	1,573	32,558	9,094	8,491	1,134	8,646	61,496
At 31 December 2000							
Cost or valuation	1,708	50,250	13,086	11,459	2,361	8,646	87,510
Accumulated depreciation	(135)	(17,692)	(3,992)	(2,968)	(1,227)	–	(26,014)
Net book amount	1,573	32,558	9,094	8,491	1,134	8,646	61,496

- (a) The cost of fully depreciated assets as at 31 December 2000 is Rs. 3,876 million (1999 - Rs. 3,346 million).
- (b) Borrowing costs capitalised during the year to 31 December 2000 were Rs. 700 million (1999 - Rs. 490 million).
- (c) No assets have been mortgaged or pledged as security by SLTL.
- (d) The value of property, plant & equipment includes capitalised borrowing costs. The cost and net book value of such borrowing costs are as follows:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Cost	4,087	3,386
Accumulated depreciation	(1,053)	(738)
Net book value	3,034	2,648

- (e) The cost of property, plant & equipment also includes Rs. 2,168 million (1999 - Rs. 2,437 million), being the net book value of customs duty waivers granted to SLTL on the import of equipment for the 150,000 Line Project to 31 December 2000.
- (f) The Directors believe SLTL has freehold title to land and buildings transferred from SLT on incorporation (conversion of SLT to SLTL on 25 September 1996), although it is uncertain whether vesting orders specifying all the demarcations and extents of such land and buildings were issued.
- (g) The property, plant & equipment is not insured except for third party motor vehicle insurance. An insurance reserve has been created together with a sinking fund investment to meet a future loss with regard to uninsured property, plant & equipment. At the Balance Sheet date, Rs. 78 million stood to the credit of the reserve and is included under provisions (Note 19). The sinking fund investment of that amount is included under cash & cash equivalents [Note 13 (a)].

9. Investments

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Investment in Subsidiary [Note (a)]	–	–	25	25
Investment in Associate Company [Note (b)]				
At 1 January	349	322	349	322
Share of profits	42	27	42	27
At 31 December	391	349	391	349
Investment in others [Note (c)]				
At 1 January	523	455	523	455
Additions	222	68	222	68
At 31 December	745	523	745	523
Aggregate value of investments at 31 December	1,136	872	1,161	897

- (a) The investment in the Subsidiary Company consists of 2,500,000 ordinary shares, representing a 100% holding in the issued share capital of Sri Lanka Telecom (Services) Limited.
- (b) The investment in the Associate Company represents a 40% shareholding (22,170,640 ordinary shares of Rs. 10/- each) in a cellular telephone company, Mobitel (Private) Limited at 31 December 2000. Of the investment in Mobitel (Private) Limited 15,170,640 ordinary shares were initially allotted, in consideration of SLTL signing a Joint Venture Agreement with Telstra Holdings (Pty) Limited, Australia and discontinuing a Build Own Transfer (BOT) Agreement they had entered into in 1992. For the purposes of preparing these financial statements this investment of 15,170,640 shares was valued at 40% of the Net Assets of Mobitel (Private) Limited as at 30 June 1996 (the date on which Mobitel (Private) Limited effected such issue of shares in its accounts), according to its audited accounts at that date. As at that date the 15,170,640 ordinary shares represented 40% of the issued share capital of Mobitel (Private) Limited and its value was Rs. 188 million. Since SLTL did not pay cash for the 15,170,640 ordinary shares, the consideration was credited to capital reserve (Note 22).
- In 1996, Mobitel (Private) Limited increased its issued share capital and SLTL made a cash investment of Rs. 70 million in another 7,000,000 ordinary shares of Rs. 10/- each, so as to maintain a 40% shareholding in Mobitel (Private) Limited.
- (c) The investment in others represents unlisted investments in Intelsat and Inmarsat, the international satellite consortia.
- (d) The policy of the Company in accounting for associated undertakings was changed during the year. The effect of the change in policy is given in Note 6 to the financial statements.

10. Non-Current Receivables

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Employee loans [Note (a)]	595	509	595	509
Deferred expenses (Prepaid Insurance Premium)	315	374	315	374
Amounts due after one year	910	883	910	883

- (a) Employee loans are repayable in equal monthly instalments over five years. The amount shown as non-current receivables represent staff loan instalments falling due for payment after 1 January 2002.
- (b) As explained in Accounting Policy No. 11, insurance premium paid by the Company to secure foreign loans under the 150K Project Scheme has been deferred on the grounds that the benefit of this expenditure is not exhausted in the period in which it is incurred and will be written off to the Income Statement over the repayment period of the loans.

11. Inventories

Inventories consist of engineering stores and consumables and office stationery.

12. Receivables and Prepayments

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Domestic trade receivables	4,464	4,957	4,464	4,957
Foreign trade receivables	2,117	2,266	2,117	2,266
Advances and prepayments	557	893	556	892
Employee loans	157	127	157	127
Deferred expenses	48	37	48	37
Amounts due within one year	7,343	8,280	7,342	8,279

13. Cash & Cash Equivalents

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Cash at bank and in hand	488	198	485	196
Restricted at bank [Note (a)]	700	535	700	535
Short-term deposits	2,449	407	2,449	407
	3,637	1,140	3,634	1,138

- (a) The restricted cash balances are bank deposits in US dollars with Citibank and Credit Agricole Indosuez under terms specified in the agreements for loans from these entities, and bank deposits of Sri Lankan Rupees 78 million with the People's Bank which represents the sinking fund investment for the insurance reserve.
- (b) These deposits are interest bearing on commercial terms.

For the purpose of the Cash Flow Statement, the year end cash & cash equivalents comprise the following:

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Cash & cash equivalents	3,637	1,140	3,634	1,138
Bank overdrafts (Note 14)	(13)	(254)	(13)	(254)
	<u>3,624</u>	<u>886</u>	<u>3,621</u>	<u>884</u>

14. Borrowings

	Group/Company	
	2000 Rs.million	1999 Rs.million
Current (due within one year)		
Bank overdrafts [Note (a)]	13	254
Government borrowings	2,301	1,532
Bank borrowings and others	3,930	3,699
	<u>6,244</u>	<u>5,485</u>
Non-current (due after one year)		
Government borrowings	13,715	9,114
Debentures (Note 15)	1,500	-
Bank borrowings and others	13,174	16,517
	<u>28,389</u>	<u>25,631</u>
Total borrowings	<u>34,633</u>	<u>31,116</u>

- (a) Bank overdraft represents a cashbook overdrawn situation as at 31 December 2000.

The interest rate exposure of the borrowings of the Company was as follows:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Total borrowings		
- at fixed rates	24,523	24,954
- at floating rates	10,097	6,162
	<u>34,620</u>	<u>31,116</u>

The foreign exchange fluctuation exposure of the borrowings of the Company at the Balance Sheet date is as follows:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Foreign currency	14,644	12,549
Local currency	18,476	18,313
	33,120	30,862

Weighted average effective interest rates:

	Group/Company	
	2000 Rs.million	1999 Rs.million
- Bank overdrafts	27.5%	14.25%
- Domestic Bank borrowings	15.22%	13.99%
- Foreign Bank borrowings	7.45%	7.5%
- Government borrowings	13%	13%

Maturity of non-current borrowings:

	Group/Company	
	2000 Rs.million	1999 Rs.million
Between 1 and 2 years	5,773	5,314
Between 2 and 5 years	13,765	12,510
Over 5 years	8,851	7,807
	28,389	25,631

The Government borrows amounts in foreign currencies to fund the development of SLTL's network. These amounts have been re-lent to SLTL with shorter repayment periods than the underlying loan. The loan balance as at 31 December 2000 is Rs. 13,590 million (1999 - Rs. 10,646 million). Exchange fluctuations on repayments of these loans are borne by the Government.

Among the above loans, one loan was fixed in Sri Lanka Rupees at the exchange rate on the date of incorporation of SLTL or on the draw down dates of the loan facility, as appropriate. Accordingly, the exchange losses on this loan is borne by the Government of Sri Lanka. The interest rates were fixed at 13% per annum. The liability as at 31 December 2000 is Rs. 386 million (1999 - Rs. 772 million).

SLTL bears the foreign exchange risk and the related costs on a loan re-lent by the Government (the loan not among the above loans), bearing interest at 10% per annum. The balance as at 31 December 2000 is Rs. 2,426 million (1999 - Rs. 2,717 million).

Certain Government re-lent loans amounting to Rs. 3,312 million (1999 - Rs. 3,780 million) have been granted on condition that at least 25-30% of the average capital expenditure on the related projects is funded from funds generated internally. These projects have been completed as at the Balance Sheet date.

The Government has guaranteed third party loans amounting to Rs. 10,354 million (1999 - Rs. 10,978 million).

Total value of loans that have neither been guaranteed nor secured is Rs. 6,311 million (1999 - Rs. 6,440 million).

The majority of the loans require SLTL, among other matters, to submit audited financial statements to the lenders within stated periods of the calendar year end, and to maintain adequate accounting records in accordance with generally accepted accounting practice.

The Directors believe the Company will have sufficient finances available to meet its present commitments, either from the renewal of its current facilities or from the negotiation of new facilities.

15. Debentures

The Company issued to the public in March 2000, 1,500,000 unsecured redeemable 5 year debentures (2000/2005) of Rs. 1,000/- each of three (3) types, which rank equal and pari passu to each other differing only with respect to interest coupon and the frequency at which interest payments are made.

	Group/Company	
	2000 Rs.million	1999 Rs.million
With interest payable (14% p.a.) quarterly (261,000 Nos.)	261	–
With interest payable (14.5% p.a.) annually (1,227,000 Nos.)	1,227	–
With interest floating (1.25% p.a.) above the simple average of six months weighted average treasury bill rate with a floor of 13% p.a. and a cap of 16% p.a. payable half yearly (12,000 Nos.)	12	–
	1,500	–

The redemption of capital will be in 4 equal annual instalments commencing two years from the initial date of allotment (23 March 2000).

16. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (1999 - 35%).

The movement in the deferred income tax account is as follows:

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
At beginning of year	6,188	5,132	6,187	5,131
Income Statement charge	733	1,056	733	1,056
At end of year	6,921	6,188	6,920	6,187

17. Deferred Income

The deferred income represents the deferred line connection charges, net of amounts released equally to the Income Statement over a period of 15 years.

	Group/Company	
	2000 Rs.million	1999 Rs.million
Balance at 1 January	5,930	4,748
Connection fees for the year	1,165	1,719
Amount amortised during the year	(600)	(537)
Balance at 31 December	6,495	5,930
Amortisations fall due as follows:		
Within one year	595	522
After one year	5,900	5,408
	6,495	5,930

18. Trade and other Payables

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Amounts due within one year				
Domestic trade payables	616	497	616	497
For capital expenditure	1,483	1,664	1,504	1,664
Taxation	246	127	246	127
Social security	48	54	48	54
Interest payable	1,105	766	1,105	766
Other creditors (refer note below)	1,797	1,805	1,795	1,824
	5,295	4,913	5,314	4,932

Other creditors include Rs. 361 million (1999 - Rs. 428 million) payable to NTT on account of salaries and expenditure of seconded experts and management fees (refer Note 26). Other creditors also include a provision of Rs. 541 million for a final dividend declared in respect of 1999.

19. Provision for Liabilities and other Charges

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Provision for long service awards	253	234	253	234
Provision for insurance reserve	78	62	78	62
Others	1	25	-	24
	332	321	331	320

20. Group Reporting Dates

The financial statements of Sri Lanka Telecom (Services) Limited (SLTSL), the wholly owned subsidiary, are prepared to 31 December each year.

The financial statements of Mobitel (Private) Limited, the associate company, are prepared to 30 June each year.

21. Ordinary Shares

	Group/Company	
	2000 Rs.million	1999 Rs.million
Authorised		
10,000,000,000 (1999 - 10,000,000,000) ordinary shares of Rs. 10/- each	100,000	100,000
Issued and Fully Paid		
1,804,860,000 ordinary shares of Rs. 10/- each	18,049	18,049

The issued and fully paid share capital is held as follows:

	Holding Percentage	2000 No. of Shares	1999 No. of Shares
Government of Sri Lanka (GOSL)	61.5%	1,109,988,900	1,109,988,900
NTT Communications Corporation	35.2%	635,076,318	635,076,318
Employees and others	3.3%	59,794,782	59,794,782
		1,804,860,000	1,804,860,000

On 5 August 1997, the GOSL, the sole shareholder as on that date, divested 35% of the shares in SLTL, amounting to 631,701,000 ordinary shares, to NTT under the privatisation programme.

On 2 July 1998, the GOSL further divested 3.5% of the shares in SLTL, amounting to 63,170,100 ordinary shares to the employees of SLTL.

On 7 June 1999, SLTL employees sold 0.2% of their shares to NTT Corporation.

On 22 March 2000, NTT Corporation transferred the full amount of its shares in the Company to NTT Communications Corporation.

22. Capital Reserves

Capital reserves include capital reserve arising on the acquisition, in 1996, of 15,170,640 shares in Mobitel (Private) Limited, a joint venture cellular telephony company (refer Note 9).

23. Cash Generated from Operations

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2000 Rs.million	1999 Rs.million	2000 Rs.million	1999 Rs.million
Profit before tax	914	2,325	935	2,352
Adjustments for:				
Depreciation (Note 8)	6,120	5,003	6,119	5,001
Amortisation of deferred costs	48	40	48	40
Net exchange loss on financing activities	1,477	1,041	1,477	1,041
(Profit)/loss on sale of property, plant & equipment	Nil	(380)	Nil	(380)
Interest expense and related charges	2,991	2,232	2,991	2,232
Interest income	(340)	(103)	(340)	(103)
Net connection charges (Note 17)	565	1,182	565	1,182
Share of result before tax of associates (Note 9)	(42)	(27)	(42)	(27)
Retirement benefits	19	33	19	33
	10,838	9,021	10,837	9,019
Changes in working capital				
- trade and other receivables	903	71	901	71
- inventories	253	(231)	253	(231)
- payables	(284)	(488)	(282)	(487)
- provisions	(7)	47	(9)	47
Cash generated from operations	12,617	10,745	12,635	10,771

24. Capital Commitments

Capital expenditure contracted for at the Balance Sheet date but not recognised in the financial statements amounts to Rs. 8,940 million (1999 - Rs. 24,317 million).

25. Contingencies

There is uncertainty as to whether a tax liability would arise on the balancing charge on some of the assets transferred from SLT to SLTL. The uncertainty arises because of a lacuna in Section 3(2) (f) of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 which was intended to exempt from tax, any balancing charge arising from the transfer of fixed assets which have a zero tax written down value. The law as it currently stands does not extend the exemption to profit on asset transfers where the capital allowance claimed is less than the cost of acquisition.

The Company has instituted action against three parties regarding the provision of international telephone services outside the "International Gateway" operated by the Company. Two of those parties have filed action against SLTL claiming redress in a sum amounting to Rs. 587 million on account of loss of profit resulting from a stay order secured by SLTL.

An internet service provider has filed action against the Company claiming damages, on account of defamation arising out of an advertisement placed by the Company. Such damage claimed amounts to Rs. 1,500 million.

A data communication services provider has instituted legal action against the Company for not providing interconnection services, claiming damages in a sum amounting to Rs. 42 million on account of disruption to the services and Rs. 175 million as compensation for refusal to provide such interconnection services.

Based on the advice of legal experts, the directors are confident that these cases can be successfully defended and that they will not result in any material loss to SLTL.

26. Directors' Interests in Contracts

A Director is considered to have a direct interest in a contract with the Company, if the Director him/herself is involved in a contract with the Company. A Director has an indirect interest in a contract with the Company, if the Director, through his/her common Directorships or his/her dependant family members is involved in a contract with the Company.

The Directors of Sri Lanka Telecom Limited held Directorship in the following companies:

Director	Company	Position
Mr J L C De Mel	Reckitt Benckiser Lanka Limited	Director
	John Keells Holdings Limited	Director
	Delmege Forsyth Limited	Director
	Mobitel (Private) Limited	Director
	People's Bank	Director
	CDC Capital Partners Plc (UK)	Director
	Ceylon Glass Company Limited (Resigned July 2000)	Director
	Sri Lanka Telecom (Services) Limited	Director
	Demchi (Private) Limited	Director
Mr H N Gunawardena	Aitken Spence & Company Limited	Director
	Nordel Investments (Private) Limited	Director
Mr Shuhei Anan	NTT Communications Corporation	Vice President
Mr Saman Ediriweera (Resigned August 2000)	Associated Newspapers of Ceylon Limited	Director
Mr Dhammika Amarasinghe	Sri Lanka Insurance Corporation Limited	Director
	Robinson Club Bentota Limited	Managing Director
	Commercial Bank of Ceylon Limited	Director
	Property Developers Limited	Director
Mr R N Wijeratne	Rodev Lanka (Private) Limited	Director

Director	Company	Position
Mr S Hashimoto	Mobitel (Private) Limited	Director
	Sri Lanka Telecom (Services) Limited	Director
Mr N Asami	Mobitel (Private) Limited	Director
	Sri Lanka Telecom (Services) Limited	Director

SLTL had the following transactions with the above companies during the year under review.

Mobitel (Private) Limited

Payments amounting to Rs. 4 million have been made during the year on call charges relating to cellular phones purchased for SLTL employees. Further, cellular phones amounting to Rs. 1.2 million was purchased from Mobitel (Private) Limited during the year.

NTT Communications Corporation

As per the shareholders' agreement with NTT, which owns 35% of the issued share capital of SLTL, the following charges have been borne by the Company during the year:

Remuneration for experts seconded to SLTL	Rs. 140 million
Expenditure for experts seconded to SLTL	Rs. 77 million
Management fees payable to NTT	Rs. 291 million
	<u>Rs. 508 million</u>

Sri Lanka Insurance Corporation Limited

Insurance premium amounting to Rs. 1.3 million have been paid on account of insuring cash in transit and motor vehicles during the year.

SLTL did not have any other transactions with the above companies during the year.

27. 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.

Accordingly, related party transactions should be read in conjunction with Note 26 to the financial statements.

28. Post Balance Sheet Events

No events occurred after the Balance Sheet date that needs to be disclosed.

Stock Exchange Listing

The issue of 1,500,000 unsecured redeemable 5-year debentures (2000/2005) of Rs.1,000/- each are listed in the Colombo Stock Exchange.

Debentures

	2000	1999
Debt Equity Ratio		
Debt Equity	1.58 : 1	1.43 : 1
Interest Cover (No. of times)	1.63	2.07
Quick Asset Ratio		
(No. of times current liabilities)	0.95 : 1	0.91 : 1

Ex-Interest Market Price of Debentures

	2000 Annual Debentures	2000 Quarterly Debentures
- Highest	Rs. 960	Rs. 960
- Lowest	Rs. 940	Rs. 830
- Last Traded Price	Oct. - Rs. 940	Dec. - Rs. 840

There have been no trades in Floating Rate Debentures during the year.

	Annual	Quarterly
Interest yield on last traded price (Annual Effective Rate)	15.4%	17.7%
Yield to maturity on last traded price	17.30%	21.50%

Note:

Details of debentures issued during the year are given in Note 15 to the accounts.

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Sri Lanka Telecom Limited, will be held at the BMICH Committee Room "C", Baudhaloka Mawatha, Colombo 7 on Thursday, 26 July 2001 at 3.00 p.m. for the following purposes.

- To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 December 2000 with the Report of the Auditors thereon.
- To re-appoint M/s. PricewaterhouseCoopers, Chartered Accountants, as Auditors of the Company and authorise the Board of Directors to determine their remuneration.
- To authorise the Directors to determine and make donations.

By Order of the Board

(Mrs. P.G. Dias)

Secretary

07.06.2001

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.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.



Notes



Form of Proxy

I/We being a member/members of SRI LANKA TELECOM LIMITED hereby appoint:

John Chitrapri Lalith De Mel	of Colombo or failing him
Satoru Hashimoto	of Colombo or failing him
Rohan Nissanka Wijeratne	of Colombo or failing him
Kalutantrige Ananda Peiris Goonatilleke	of Colombo or failing him
Dhammika Jayaweera Amarasinghe	of Colombo or failing him
Norio Asami	of Colombo or failing him
Hubert Norman Gunawardane	of Colombo or failing him
Widanelage Harshadeva Winmen Soysa	of Colombo or failing him

..... of

 as my/our proxy to represent me/us vote on my/our behalf at the Annual General Meeting of the Company to be held on 26 July, 2001 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
(i) To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 December 2000 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To authorise the Directors to dermine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

Dated thisday of Two Thousand & One.

.....
 Signature

1. A proxy need not be a member of the Company.
2. If you wish your proxy to speak at the Meeting you should insert the words 'to speak and' immediately before the word 'vote' and initial the alteration.
3. Instructions as to completion appears overleaf.

It is hereby certified that stamp duty payable in respect of this instrument, i.e. cents 50 will be compounded and remitted in terms of Section 13 of the Stamp Duty Act, No. 43 of 1982 upon return and due registration.



Please provide the following details:

Employee Service No. :

Share Certificate No. :

No. of Shares held :

Proxyholder's NIC No. :

(If not a Director of the Company)

Instructions as to Completion

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address and by signing in the space provided and filling in the date of signature.
2. If the shareholder is a Company or Corporate Body, the proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
3. If the Form of Proxy has been signed by an Attorney, the relative Power of Attorney should also accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, located at Telecom Headquarters, Lotus Road, Colombo 1, 48 hours prior to the time appointed for the holding of the meeting, i.e. by 2.00 p.m. on Tuesday, 24 July 2001.

SRI LANKA TELECOM LIMITED

Headquarters
Lotus Road
Colombo 1

Attendance Slip

I/We hereby record my/our presence at the Fourth Annual General Meeting of Sri Lanka Telecom Limited at the Committee Room 'C' of the BMICH, on 26 July 2001.

1. Full Name of Shareholder :
(in capitals)
2. Employee Service No. :
3. Number of Shares held :
4. Name of Proxyholder :
5. Proxyholder's NIC No. :
(see Note 2 below)
6. Signature of Attendee :

Notes:

1. Shareholders/proxyholders are requested to bring the attendance slip with them when attending the meeting and hand it over at the entrance to the meeting hall after signing it.
2. If the proxy is a Director of the Company, the National Identity Card Number of the proxyholder need not be indicated.



ශ්‍රී ලංකා ටෙලිකොම් ලිමිටෙඩ්,

මූලස්ථානය,
ලොට්ස් පාර,
කොළඹ 01.

පැමිණීමේ සටහන

2001 ජූලි 26 දින, ව්‍යවහාරික අනුසමරණ සම්මන්ත්‍රණ ශාලාවේ කමිටු කාමර "සී" හි පැවැත්වූ හතරවන වාර්ෂික මහා සභා රැස්වීමට පැමිණි වච මම/අපි වාර්තා කරමි/කරමු.

- 1. කොටස් හිමිකරුගේ සම්පූර්ණ නම :
(පැහැදිලි අකුරින්)
- 2. සේවක සේවා අංකය :
- 3. දුරකතන කොටස් ගණන :
- 4. පෙරකලාපිකරුගේ නම :
- 5. පෙරකලාපිකරුගේ ජාතික හැඳුනුම්පත් අංකය :
(පහත අංක 2 වලින්)
- 6. සහභාගිවන්නාගේ අත්සන :

සටහන:

- 1. කොටස් හිමිකරුවන්/පෙරකලාපිකරුවන් මෙම රැස්වීමට සහභාගි වීමේදී පැමිණීමේ සටහන රැගෙන අවුත් නම අත්සන යොදා ගොඩව වන දොරටුවේදී එය භාරදිය යුතුය.
- 2. පෙරකලාපිකරු සමගමේ අධ්‍යක්ෂවරයෙක් නම් ඔහුගේ ජාතික හැඳුනුම්පත් අංකය සඳහන් කිරීම අවශ්‍ය නැත.

ශ්‍රී ලංකා රෙගුලාසි කොමිෂන් සභාව

තலைமை அலுவலகம்
லோட்டஸ் வீதி,
கொழும்பு 01.

வருகைத் தருவோரின் பட்டியல்

நான்/நாங்கள் இத்துடன் பதிவு செய்யப்பட்டுள்ள என்/எங்கள் நான்காவது வருடாந்த பொது கூட்டத்தின் ஒன்று கூடல், ஸ்ரீ லங்கா ரெகலகொம் லிமிடெட் நிறுவனத்தால் வருகிற 26 யூலை 2001ஆம் திகதி BMICHயில் உள்ள நிர்வாகக் குழுக் கூட்ட அறை 'C' யில் நடைபெற உள்ளது.

- 1. பங்குதாரரின் முழுப் பெயர் :
(தனி எழுத்தில்)
- 2. ஊழியரின் சேவை இலக்கம் :
- 3. பங்கு தாரரின் இலக்கம் :
- 4. பங்குதாரரின் அனுமதிப் பெற்ற பிரதிநிதியின் பெயர் :
- 5. அனுமதிப் பெற்ற பிரதிநிதியின் தே.அ.இ (குறிப்பு 2ஐ கவனிக்க) :
- 6. வருகைத் தருபவரின் கையொப்பம் :

குறிப்பு

- 1. பங்கு தாரரின்/அனுமதி பிரதிநிதி வரவு அட்டையை கூட்டத்திற்கு வரும் போது எடுத்து வரவும். வரவு அட்டையில் கையொப்பம் இட்டு வரவேற்பு அறைக்கு ஒப்படைக்கவும்.
- 2. பங்கு தாரரின் அனுமதிப் பெற்ற பிரதிநிதி நிர்வாக குழுவில் இருந்தால் தே.அ.இ. தேவைபற்றது.



දැන්වීම/அறிவித்தல்

ඔබට මෙම වාර්ෂික වාර්තාවෙහි සිංහල පිටපතක් අවශ්‍ය නම් කරුණාකර පහත කුපනය පුරවා මේ ලිපිනයට මසක් ඇතුළත තැපෑල කරන්න.

ප්‍රචාරක අංශය

සීමාසහිත ශ්‍රී ලංකා ටෙලිකොම්

19 මහල

නැගෙනහිර කුඹුණ

ලෝක වෙළඳ මධ්‍යස්ථානය

කොළඹ 1

இந்த ஆண்டறிக்கையின் தமிழ் பிரதி உங்களுக்கு தேவைப்பட்டின் இங்குள்ள கூப்பனை நிரப்பி ஒரு மாத காலப்பகுதிக்குள் கீழ்க்காணும் முகவரிக்கு அனுப்பிவைக்கவும்.

விளம்பரம் பிரிவு

ஸ்ரீ லங்கா ரெலிகொம் லிமிட்டெட்

தலைமை அலுவலகம் 19

லோட்டஸ் வீதி

கொழும்பு 1.

කොටස්කරුගේ ජාතික හැඳුනුම්පත් අංකය :

பங்குதாரரின் தேசிய அடையாள அட்டை இலக்கம்

සේවක සේවා අංකය :

ஊழியரின் சேவை இல.

සිම් කොටස ගණන :

பங்குச் சான்றிதழ் இல.

සමුදාය නම :

முழுப் பெயர்

ලිපිනය :

முகவரி

පිටපත අවශ්‍ය නොවන
தேவையான மொழி பிரதி



සිංහල
சிங்கள



தெலு
தமிழ்

Name of Company

Sri Lanka Telecom Limited

Legal Form

A Public Listed Company with Limited Liability
Incorporated in Sri Lanka in 1996
Listed status has been conferred following a
quotation of the Company's Debentures in
the Colombo Stock Exchange

Registered Office

Telecom Headquarters
Lotus Road
Colombo 1

Directors

J.C.L. De Mel - *Chairman*
Satoru Hashimoto - *Chief Executive Officer*

Dhammika Amarasinghe
Shuhei Anan
Norio Asami
Norman Gunawardane
Ananda Goonatilleke
W.H.W. Soysa
Rohan N. Wijeratne

Auditors

PricewaterhouseCoopers
Chartered Accountants

Company Secretary

Ms. P.G. Dias, ACIS

Bankers

Bank of Ceylon
People's Bank
Commercial Bank of Ceylon Limited
Hatton National Bank Limited
Standard Chartered Grindlays
ABN AMRO Bank
Citibank N.A.

Legal Advisors

D.L. & F. De Saram
Attorneys-at-Law

Subsidiary Company

Sri Lanka Telecom (Services) Limited

Associate Company

Mobitel (Pvt) Limited

