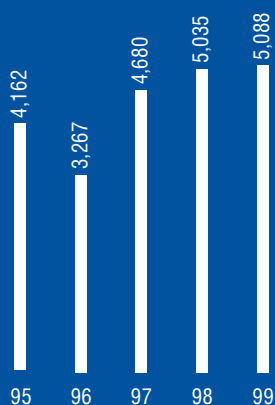


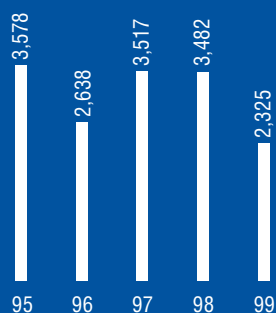
HIGHLIGHTS

	1999 Rs. Mn	1998 Rs. Mn.	Change %
Total Revenues	18,281	17,082	7%
Operating Profit	5,088	5,035	1%
Profit Before Tax	2,325	3,482	(33%)
Profit After Tax	1,269	2,222	(43%)
Gross Dividend	541*	902	(40%)
Shareholders' Funds	22,588	21,770	4%
Total Assets	71,073	59,787	19%
Total No. of Connections (Nos.)	580,199	455,598	27%
Internet/E-mail Users (Nos.)	13,774	8,560	61%

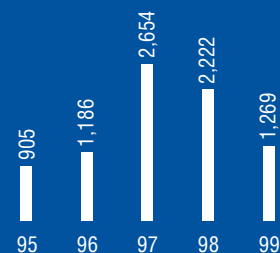
* Proposed



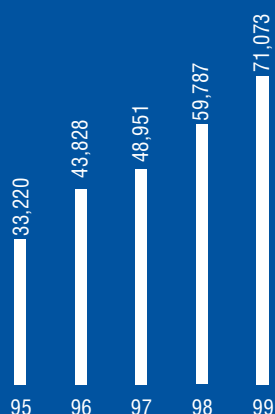
OPERATING PROFIT



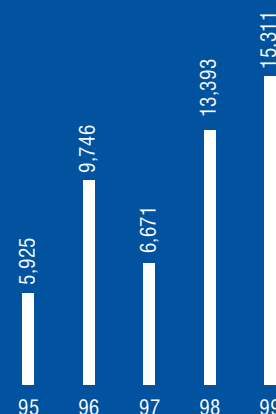
PROFIT BEFORE TAX



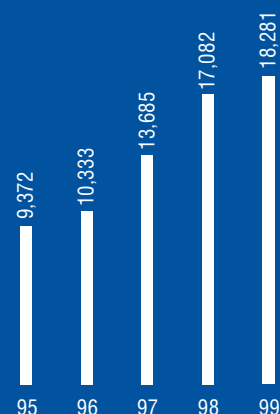
PROFIT AFTER TAX



TOTAL ASSETS



CAPITAL EXPENDITURE



TOTAL REVENUE

CHAIRMAN'S MESSAGE

An infrastructure for today and tomorrow



Creating Prosperity

Some commercial activities are so crucial that their quality and performance affects other economic activity in significant ways. The communications industry is one of those sectors whose performance has an immense bearing on how other business entities function and do business.

The quality of the communications service we offer has an impact on how fast people do business, how much information people process and who people talk to and do business with successfully.

Our objective is to create an excellent telecommunication infrastructure for Sri Lanka.

A Global Community of Citizens and Corporates

It is because of our special role in the Sri Lankan economy that we have invested Rs. 35 billion during the past three years to build an infrastructure that will bring all parts of our Country closer together and the rest of the world closer to our homes and our businesses.

Every new telephone cost SLT around Rs. 75,000. To provide a new connection we have to connect your house or office to a telephone post and from there underground to a cross connection cabinet and then more underground cables to link to a telephone exchange. At the exchange we need to increase the switching and transport capacity to cope with additional demand.

Five years ago this country had about 200,000 fixed wire telephones. The waiting time for a new telephone at times felt it was almost endless. All this is now behind us. Over the past four years SLT has provided 380,000 new telephones and has now created a network of 600,000 telephones in this country. We hope to add another 100,000 telephones this year. To provide high quality communication we have established 283 exchanges and 186 radio transmission towers.

The Gateway to the New Economy

As patterns of commerce in the world change, SLT is putting in place a modern communications infrastructure to take us into the age of E-Commerce and global trade. To enhance our transmission quality and speed SLT has laid an underground fibre optic cable connecting the exchanges of 15 major towns in four provinces. This fibre optic network spans 700 kms and cost SLT 1.5 billion rupees. Another Rs. 400 million has been earmarked for four more fibre optic rings in Colombo and the suburbs.

To improve sound quality and the speed of transmission to the rest of the world, SLT has also invested in an undersea cable network which links Sri Lanka to the rest of the world.

Keeping Pace

Communications technology is changing rapidly and at SLT we are geared to keep up with these changes and we are very fortunate to have as our partner NTT Communications which is one of the largest telecommunications organisations in the world at the

CHAIRMAN'S MESSAGE

forefront of cutting edge technology. We are constantly looking at ways of improving our service and at developing new products to meet the changing needs of our customers. We support this with a human resource policy of ensuring that our employees have the opportunity to acquire new skills and to keep abreast of the latest developments.

Finding the Money

Finding the money to pay for the massive development programme we have undertaken has been a key challenge. Since Sri Lanka Telecom Ltd. was created it has received no funds from its shareholders and it did not receive even a single rupee as a grant from the Government. With no equity finance SLT has to depend on local borrowing, project loans and most importantly on the revenue it generates. A very important source of revenue is income from foreign telephone operators who pay us when we receive calls from abroad. The Government recognising that this was an important source of income that could be used to develop the vital national telecom infrastructure in Sri Lanka made SLT the only licensed operator to provide international telephony in and from Sri Lanka till August 2002 by which date the complete national network would have been established. Unfortunately for the Country this objective has not been achieved and SLT is not receiving the total sum paid by foreign operators for terminating calls in our Country. This has created some major issues. The most worrying consequence is that SLT now has no alternative but to reduce significantly its plans for the development of the network in Sri Lanka and it is our Country and our people who will suffer the consequences arising from this loss of revenue.

Financials

The key factor that affected the financials in 1999 and will more seriously affect the financials in 2000 is the major expenditure on development that was based on a plan where there was an expectation that a larger part of the funds to pay for this will come from the total income received from foreign operators.

Our total revenue is up 7%. Earnings before interest, tax, depreciation and amortisation is up Rs. 261 million. The depreciation charge has increased by Rs. 208 million as a result of our huge investment. Because our income from foreign operators was lower than expected our borrowings had to be increased and there was an increase of Rs. 1,414 million in financial expenses. The end result is that our profit before tax was Rs. 1,158 million lower compared with the previous year.

I must congratulate our staff for the fine job they have done in expanding the network rapidly. This created a whole host of difficult issues which they have been addressing with great dedication. I must also record my appreciation of the strong commitment of NTT Communications to this joint venture and their willingness to share their vast experience and knowledge to develop SLT. I thank my colleagues on the Board for their wise leadership of this business which is a crucial part of the infrastructure of this country.

Lalith de Mel
Chairman

CHIEF EXECUTIVE'S MESSAGE

Accessibility



Three years ago Sri Lanka Telecom (SLT) entered into a strategic alliance with Nippon Telegraph and Telephone (NTT). NTT took a 35% stake in SLT and undertook to manage the Company and develop the communications infrastructure in the Country.

We are now three years into what is becoming a very productive and satisfying relationship. At the time we struck the alliance we identified a number of priorities that we wanted to address. One of those priorities was to enable Sri Lankans - business people, farmers, industrialists, parents and children - to have access to the communications revolution that was sweeping the world.

This meant bringing into people's offices, homes, plantations, factories and schools, many of the new technologies and new modes of communication. No longer is a telephone used only to communicate with a business partner or friend. A telephone line and a computer is your gateway to knowledge, visuals and news. As the Country's largest telecommunications provider we had to make sure that as many people as possible had access to this technology.

Providing new connections at prices people could afford was a priority and we are satisfied of what we have achieved in this short period. From August 1997 to December 1999 we provided about 300,000 new connections. This is the largest number of connections provided in such a short period in the history of telecommunications in Sri Lanka. Three years ago the

number of those waiting for a telephone was greater than those who had one. This picture has changed completely and we at SLT are proud to be the reason for this change. Telephone connections are now easily accessible to people from all walks of life and in some areas there is no waiting list.

Restructuring

Another one of our priorities at the time we took over was the structure of the organisation. The organisation was top heavy with decision making being centralised at the top. Motivation was poor and there was little room for creativity. This has been changed completely and we have tried to motivate our employees by delegating many new tasks and defining their jobs in a precise way.

Human Resource Development

Sharpening the skills of our staff was another matter to which we addressed our minds. We have in this brief period exposed our employees to a number of new skills and technologies. The response of our staff has been tremendous as they grasped at every opportunity.

The New Economy

Today SLT is ready to play a major role in the Country's participation in the 'new economy'. The potential for e-commerce and internet trade are tremendous. SLT is gearing itself to designing the products and services required for this and for acquiring the most appropriate technologies. E-commerce is likely to open up new possibilities for many in the developing world and a sound communications base is a pre requisite.



Among the new technologies we introduced was the integrated services digital network technology (ISDN). A single ISDN line will allow for the simultaneous transmission and reception of voice, data, images and video using the ordinary copper

CHIEF EXECUTIVE'S MESSAGE

wire. It will speed up the conduct of business and bring down transaction costs. Through the ISDN network, SLT offers a range of services. These include:

- *High Speed Access to the Internet* which will help 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.
- *Desktop Conferencing* which assists in the sharing of information through a computer interactively.

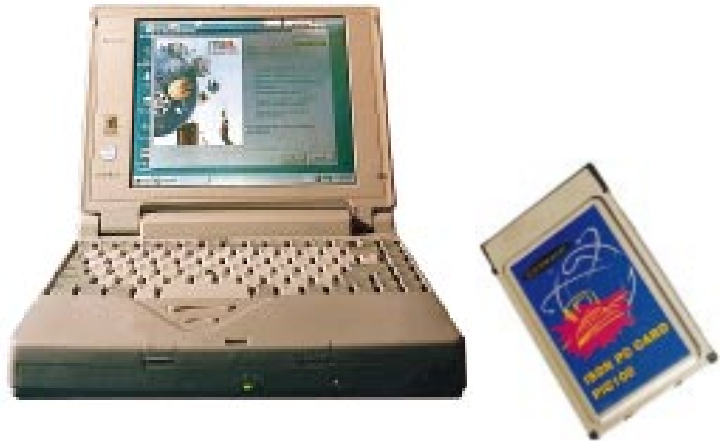
Helping People Communicate

We at Sri Lanka Telecom are committed to helping improve access to telephones, enhancing the quality of voice and data transmission and facilitating communication and learning.

We are committed to improving the quality of life of all persons: financial conglomerate, professional, rural farmer and middle class employee. We are totally committed to the task of facilitating economic and social development and to helping the State and the Private sector in these tasks. Our management and investment policies are designed to meet these goals and we are inspired by the changes we have already made in these brief months.

My warm thanks to our employees and the Board of Directors for their splendid work. The past few years have been tremendously inspiring. I look forward to another year of continuing customer loyalty, high service quality and enhanced profitability.

S. Hashimoto
Chief Executive Officer



REVIEW OF OPERATIONS

In 1999 SLT focussed its efforts on four major areas:

- Increasing the access to its network by providing new connections.
- Developing the infrastructure so as to improve the speed and quality of its service.
- Development of its internet and e-mail access with a view to facilitating e-commerce.
- Re balancing its tariff rates, improving billing systems, developing customer relations and providing new opportunities for human resource development.

HIGH CONNECTIONS



- 39,813 were provided in Region 1 consisting of the Western Province North, Central, North Central and North Western Province.
- 36,359 were provided in Region 2 consisting of the Uva, Southern, Sabaragamuwa and Western Province South.
- 8,556 were provided in Region 3 consisting of the Northern and Eastern Provinces.

In addition to the utilization of normal copper loops, digital pair gain systems were also used to connect new customers. Wireless systems such as RLL, WLL and digital multi access radio systems were used to provide rural telephoning and cater to difficult terrains in addition to the conventional copper loop connections.

These new technologies have helped make best use of our exchange facilities and provide people with more access to telephones, increasing telephone density.

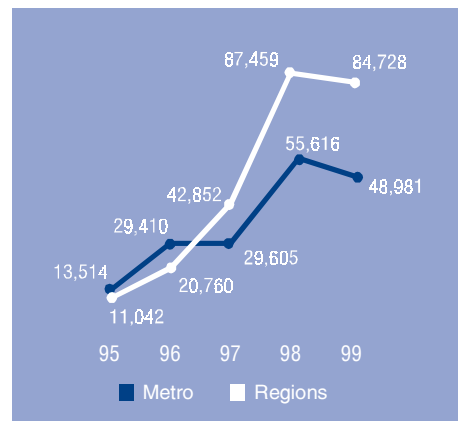
SLT connected 133,709 new customers to its network during the year under review. Of this 84,728 was in the regions.

As at 31st December 1998 a total number of 455,598 direct exchange lines (DELs) were available in the SLT network. By the end of 1999 this figure had reached 580,199.

Of the 133,709 new connections provided during 1999:

- 48,981 were provided in the Colombo Metro region.

Annual Growth of New Connections



REVIEW OF OPERATIONS

Regional Performance

For operational reasons SLT is divided into four regions:

Metro

Metro Region accounts for almost half of SLT's customer base and consists of Colombo and suburbs.

48,981 new connections were provided in the Metro Region. The waiting list at the Havelock Town, Central and Ratmalana exchanges came down to zero and new connections are available on demand.

The region also saw the appointment of several new engineers because Metro is the most important and competitive area particularly for key business customers. Special attention was given to developing customer service skills for staff in this region.

Region 1

Our customer base in this region increased by 39,813 by the end of December 1999. By rehabilitating some of the older networks and by investing more resources on preventive maintenance the fault rate fell sharply during the year under review. The fault clearance rate also improved as SLT invested in more vehicles and better machinery and trained the staff in preventive maintenance systems.

In this region we also began a marketing strategy similar to Metro. We have endeavoured to provide a high quality and reliable service to these customers including the provision of new connections in 24 hours.

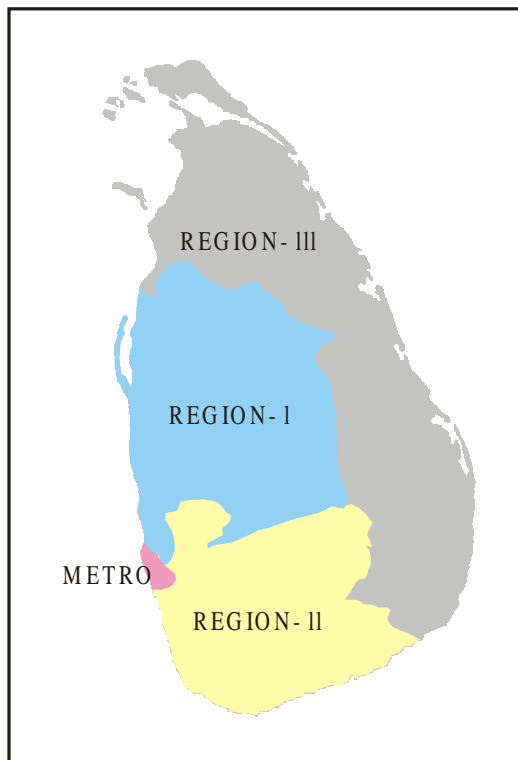
Region 2

During 1999, 36,359 new connections were provided. As at the end of December 1999 there were 122,775 direct exchange lines in the region.

Region 3

One of SLT's challenges over the past few years has been to develop the switching and transmission capacities in those difficult areas such as the North and the East and we provided 8,556 new lines. With this in view SLT has embarked on a major infrastructure development programme to respond to the growing customer demand in those areas.

2,402 sub post offices with telephones and 2,318 pay phones play an important role in those rural areas where telephone density is low.



REVIEW OF OPERATIONS

Infrastructure

STRENGTHENING THE GROUNDWORK

The primary objective of implementing the infrastructure network is to cater to the increasing volumes of voice and data traffic. Four key strategies guided infrastructure development over the past year:

- The extensive deployment of a fibre optic transmission 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 Synchronous 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.

The cable capacity to provide telephones in the Colombo Metropolitan region and the Regions reached 743,287 in 1999 with the addition of 85,384 lines during the past year. Switching capacity was augmented in areas where demand was greatest and resulted in an overall total of 769,795 switching lines being installed.

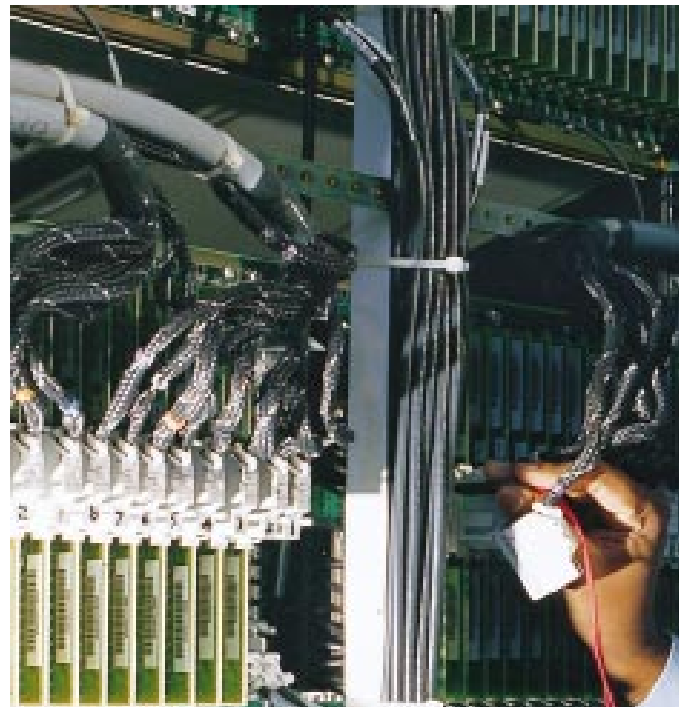
During the past year SLT constructed a 600 km optical fibre ring network in a SDH backbone covering major cities such as Kandy, Kalutara, Ratnapura, Nawalapitiya, Hatton, Nuwara Eliya, Kegalle, Kurunegala, Chilaw, Negombo, Gampaha and Colombo.

During the past year 37 remote exchanges were fitted with Digital Data Access Multiplexers. Approximately 360 digital data circuits were commissioned.

In order to provide a more reliable service level to data customers, action was taken to order Managed Multiplexer/Modem Systems for SLT. For this pilot operation 10 stations including Colombo Metro, Kandy and Matara were selected.

Among the other projects completed by our network division over the past year were:

- The upgrading of the City E10-B, Central E10-B, Maradana E10-B exchanges and the upgrading of the Training Centre exchange for training purposes.
- The expansion of the Commercial and Standby Generator power supply system at the SLT Headquarters and OTS building.
- Commissioning of the third International Switching Centre (ISC) at Welikada.
- Expansion of International Telecommunication Link between Colombo and Padukka by commissioning the Optical Fibre Ring Network.



REVIEW OF OPERATIONS

Increasing Global Accessibility

Last year we added 92 satellite and 265 submarine cable circuits to our international system. This will help improve voice clarity and strengthen the capacity of the overall system. The SMW3 submarine cable system was commissioned in August 1999 and the third international gateway was made operational in November at Welikada. The third international gateway will add substantially to our capacity and make our network considerably more reliable.



REVIEW OF OPERATIONS

The New Economy

HARNESSING THE WEB

Internet usage showed good growth during 1999. The customer growth pattern of Internet and E-mail customers is shown below.

At the end of year 1999 SLT had clearly established itself as a leading internet provider. Our Dial Up Customer base was 14,000. We also provided Internet Leased Line circuits at 64Kbps and 128Kbps. Seventy Six Internet Leased Lines were provided during 1999. Introduction of frame relay service for Internet access allowed cost effective bandwidth usage for customers.

Complementing this substantial growth, the Internet uplink bandwidth was enhanced to an aggregate bandwidth of 3.5 MBps from ISP's such as Verio Net, AT&T WorldNet, MCI WorldCom and Teleglobe.

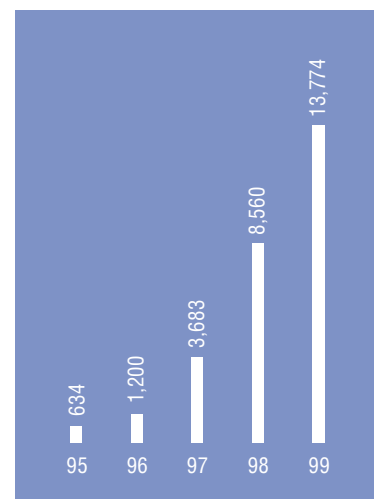
Efforts were also made to have some of the routes to the uplink on redundant routing protocols. In addition, the Dial Up port capacity was enhanced to 350. This included ISDN Internet Access at 64Kbps and 128Kbps, which commenced in November 1999.

SLT also started operating regional servers during this year with a view to enhancing the quality of its service and bringing down costs to customers.

Regional servers were introduced in Matara, Galle and Kandy. A new server with the domain name sltnet.lk, for electronic mail came into operation. This will help balance the load among two servers and help SLT cope with its increasing e-mail customer base.



Growth in Internet and E-Mail Customers



REVIEW OF OPERATIONS

Balancing Tariffs and Interconnection

SLT's tariff rebalancing process is designed to be a smooth one so as to minimise the effect of tariff changes on consumers. According to the agreement SLT has with the Government of Sri Lanka, the tariff restructuring process should be completed within 5 years and end by August 2002.

Telephone rates had for long been subsidised by the State. High IDD tariffs subsidised domestic users. SLT tariffs had to be restructured to take account of the new market realities.

As a result of its tariff restructuring, IDD rates were reduced by 10% during 1999. SLT also introduced one-second billing of all international calls in June 1999. This was to ensure that customers are charged exactly on a one-to-one basis. SLT now offers IDD facilities to 220 countries.

A second revision of tariffs took place on 1st June 1999. As a result of a TRC ruling, SLT was compelled to introduce a three tiered tariff structure in accounting and charging for aggregated call units in respect of each customer.

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.

Interconnection

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 of international standards.



A New Excellence in Service

Call Completion Ratios Improve

SLT has focussed a lot of effort on increasing its call completion ratios. Even though our voice lines are in perfect condition, one should be able to communicate with another at the first attempt. There should not be a blockage of calls due to internal switches and the transport network. This is one of the most important criteria which provides customer satisfaction and in addition generates more revenue.

Over the past year we were able to improve our call completion ratio. Additional routes and circuits and an increase in switching capacity over the past year contributed to this.

Billing

There was an improvement in our billing system during the year 1999. New IT processes were put in place for billing systems in 1999 to cater efficiently to the large base of 600,000 customers.

In order to promptly attend to customer complaints, 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.

Teleshops

Our teleshops have given the face of communications an entirely new dimension. They are a one stop shop providing a wide range of services and products under one roof. At the end of the year under review we had 10 teleshops around the Country. These teleshops, with special trained staff and advanced technology, are customer focussed and designed to meet the needs of an expanding client base.

Y2K

The Y2K problem did not cause any of the speculated problems to SLT operations. Through meticulous planning which involved checking of functions of all the systems, the alarms of systems and billing tapes, we were able to anticipate problems and make the transition to the new millennium successful.

Strengthening Our People

When SLT was privatised three years ago it had a highly centralised process of decision making. We have changed this now and created well defined job responsibilities and devolved much of the decision making. The result has been a motivated and dynamic staff.

Staff training has received the highest priority in our corporate strategy. Last year we spent Rs. 125.2 million on staff training. This included Rs. 34.7 million on training 5,640 employees at the Telecom Training Centres and Rs. 87.2 million on providing overseas training for more than 500 employees.

Telecom Training Centre

The Telecom Training Centres provide much of our local training both in Technical and Non Technical fields. In 1999 emphasis was given to developing the management skills of our Executive Staff and the attitudes of our support staff.

Under the Executive Management Development Programme, workshops and seminars were conducted in the following areas:

- Negotiation Skills
- Productivity Improvement Strategies
- Presentation Skills
- Effective Communication

REVIEW OF OPERATIONS

- Work Analysis and Resource Planning
- Managing Change
- Costing
- Managing High Performance Teams
- Coaching Skills
- Performance Management

In order to equip the junior managers with modern management concepts and to encourage them to accept more responsibilities, a special management development module was conducted for junior managers engaged in both Technical and Non Technical duties.

In addition, public relations and customer care training were given to both Middle Level, Technical and Non Technical Staff. Refresher training in these areas were continued for front office staff including security officers, in order to provide a better service to our customers.

Weekend and Evening English Classes were organised for those employees who were interested in improving their English language skills. The level of IT Training given to staff was increased as the usage of computers increased. IT training commenced at some of the regional centres as well during the past year.

Training the Maintenance Staff

A fair portion of the training expenditure in 1999 was utilised in training our maintenance staff mainly on both corrective maintenance and preventive maintenance with the view of minimising the fault rate and responding to fault clearance at a faster pace.

FINANCIAL REVIEW

Operating Revenue

The operating revenue was Rs. 18,281 million with a 7% annual increase.

The local telephone revenue was Rs. 8,748 million with a 53% annual increase. This significant increase was made by continuous network expansion and tariff revision. The number of new connections during the year was 134,000 and the total number of line in service went up to 580,000 at the end of the year. New tariff was introduced from 1st of June. The revision was made in line with the five-year tariff rebalancing programme, seeking for cost-oriented tariff. Monthly rental charges and domestic call charges were revised so as to increase the revenue by 25%.

The international telephone revenue was Rs. 2,816 million with a 1% annual increase. While the international tariff was revised downward by 10%, coupled with the domestic tariff increase, the traffic volume of international outgoing calls increased by more than 10%. As a result, the revenue showed a small increase.

The international inpayment fell to Rs. 5,764 million with a 25% annual decrease. The traffic volume of international incoming calls did not increase as in the previous year and the settlement rates between operators decreased in a range of 10-40%. These factors caused a sharp drop in the revenue.

In terms of the revenue structure, there was a notable change in 1999. The domestic portion exceeded 50% of the total operating revenue. The decline of the international proportion accelerated and it dropped to 47% in 1999 from 61% in 1998.

Operating Expenditure

The operating expenditure was Rs. 13,193 million with a 10% annual increase. Depreciation cost was Rs. 5,001 million with a 4% annual increase, equal to 37% of the total operating expenditure. Staff cost was Rs. 2,317 million with 10% increase, equal to 17% of the total. Payments to foreign operators was Rs. 2,252 million with 2% increase, equal to 17% of the total. These three are major items in the operating expenditure.

Non Operating Expenditure

The non operating expenditure was Rs. 3,313 million. This was an increase of Rs. 1,414 million. This is comprised of interest expense and other financial costs. The interest expense was Rs. 2,363 million and the increase of interest expense was Rs. 1,025 million. This was due to the increase in borrowing to finance the network expansion. The foreign exchange loss on foreign currency denominated loans due to the devaluation of Rupee was Rs. 875 million.

Profit

EBITDA was Rs. 10,089 million with a 3% annual increase and EBITDA margin was 55%. SLT invested Rs. 13.4 billion in 1998 and Rs. 15.3 billion in 1999 in the development of the network. This investment caused an increase of depreciation cost. The increase in depreciation cost was Rs. 208 million. Consequently the operating profit was Rs. 5,088 million, representing a 1% increase in 1998. As explained the increase in total financial expenses was Rs. 1,414 million. As a result, the profit before tax declined to Rs. 2,325 million from Rs. 3,482 million. For the same reason, the profit after tax fell to Rs. 1,269 million from Rs. 2,222 million. However, as the capital investment already passed its peak in 2000, the increase in depreciation cost will reduce from 2002 and the financial expenses will reduce and decline in time and this will have a beneficial impact starting from 2002.

FINANCIAL REVIEW

Earning per Share

The earning per share was Rs. 0.70, dropped from Rs. 1.23 in 1998.

Fixed Assets

The total amount of fixed assets was Rs. 58,224 million as of 31st December 1999. It has increased by 24% in comparison with the previous year and equal to 82% of the total assets.

Capital Expenditure

Following the large capital investment in the previous year, the amount of capital expenditure was kept at the peak level of Rs. 15,311 million, to meet the strong demand for network expansion in the entire country and for various enhanced services. The capital investment was made through several kinds of fund sources, including ODA, vendor finance, Commercial Bank loan and internally produced funds from operation.

Financing Activities

The total amount of loans added during the year was Rs. 11,244 million, which resulted in total debt amounting to Rs. 31,116 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. 4,100 million was obtained from a long-term syndicated loan and Rs. 1,060 million from a medium-term Commercial Bank loan. In addition, the first debenture issue was projected for pursuing the financing diversification. (The debenture was successfully issued with an amount of Rs. 1,500 million in March 2000. It was given a AA+ rating by the credit rating agency.)

BOARD OF DIRECTORS



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, was Managing Director in 1971. In 1977, 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 the 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 26 years with the NTT Group and has functioned as the Financial Controller at NTT Data Communications Services and at the Kanto Regional Headquarters.

BOARD OF DIRECTORS



Saman Ediriweera

Saman Ediriweera is the Director, Policy Planning and Director, Telecommunications at the Ministry of Posts, Telecommunications and the Media. Since graduating with a B.Sc. in Engineering in 1971 from University of Sri Lanka, Katubedda Campus specialising in the field of Electronics and Telecommunications, he has been widely involved in the telecommunications industry in Sri Lanka. He had also been closely involved with the work of the Commonwealth Telecommunication Organisation in developing programmes of technical assistance for developing countries.



Norman Gunewardene

Norman Gunewardene 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 Goonatileke

Ananda Goonatileke has been a Member of the Bar for almost 10 years and also a Member of the Bar Council of Bar Association of Sri Lanka. He has graduated from University of Ceylon. He has been a member of the Board of Directors and the Working Director of the Sri Lanka Broadcasting Corporation and a former Director of the Associated Newspapers of Ceylon Limited.



Takao Sakagami

Takao Sakagami is the Chief Operations and Technical Officer at SLT. He counts 33 years with NTT, NTT International and the Japan Telecommunication Engineering and Consulting Service. He has wide experience in the development of telecommunications systems in South America and South East Asia, and has specialized in project management and outside plant engineering.



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 of Sri Lanka. 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 and is the Chairman of the Information Technology Sectoral Committee of the Sri Lanka Standards Institution.

REPORT ON CORPORATE GOVERNANCE

With globalization, the importance of good corporate governance has increased and in Sri Lanka the Institute of Chartered Accountants has published a “Code of Best Practice” for voluntary adoption by all companies quoted on the Colombo Stock Exchange. Although Sri Lanka Telecom is not a listed company, as one the largest corporate citizen in the country, Sri Lanka Telecom fully supports the concept of corporate governance. Thus, Sri Lanka Telecom is committed to achieving and maintaining high standards of corporate governance. This commitment is driven by the recognition that there is a need for a system by which our Company is directed in a manner that the Board of Directors are in a position to act diligently, transparently, honestly and independently to achieve an increase in shareholder value.

Effectiveness of the Board

A general principle is that the Board of Directors should be a combination of Executive Directors, who know the business, and Non-Executive Directors who bring a broader perspective. The Board of SLTL 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 Chairman of the Board is separate from that of the Chief Executive Officer and therefore, the principle of separation of the two functions is maintained.

Directors’ Responsibility for the preparation of Financial Statements

The Directors’ Report on page 21 to 22 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.

Committee Structures for the Board

In order to fulfil the duties of the Board, the Board of Directors has from time to time appointed adhoc Sub-Committee of the Board to address specific urgent matters. The Board has established an Audit Sub-Committee and Remuneration Sub-Committee.

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-Committee have obtained professional advice as needed in carrying out their respective functions.

The Audit Sub-Committee 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. The Audit Sub-Committee also works with the management to streamline operations and internal controls.

The Remuneration Sub-Committee reviews proposals for adjustments to remuneration scales. It has also initiated various actions with a view to strengthening our human resource base.

REPORT ON CORPORATE GOVERNANCE

Budgets

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.

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 sixteen (16) Board Meetings. All decisions taken at these meetings are recorded by the Secretary to the Board. The Secretary to the Board possess the qualifications required in terms of the law.

