



*Empowering*  
**Digital**  
**Health Care**

Annual Report 2016

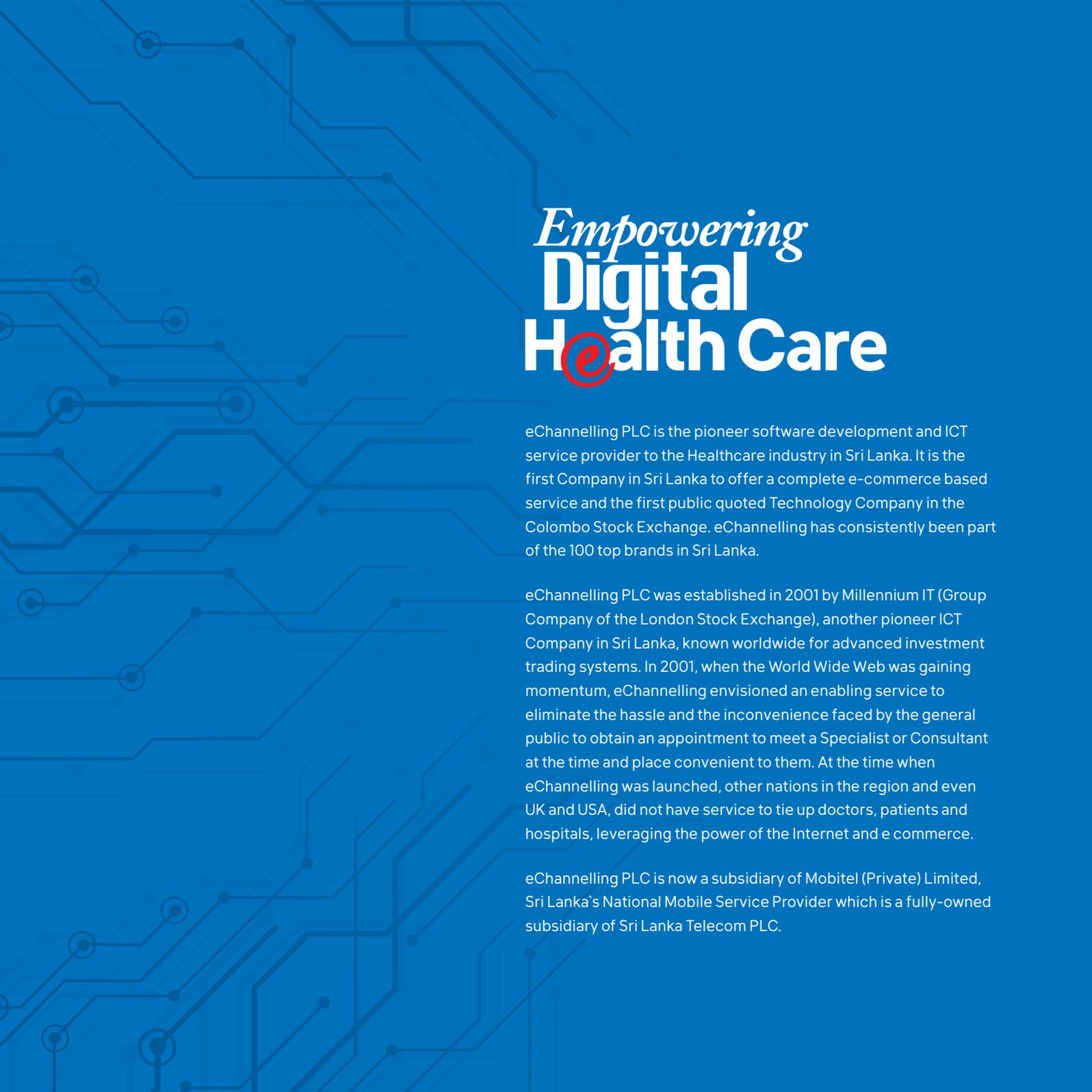


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# *Empowering* **Digital Health Care**

eChannelling PLC is the pioneer software development and ICT service provider to the Healthcare industry in Sri Lanka. It is the first Company in Sri Lanka to offer a complete e-commerce based service and the first public quoted Technology Company in the Colombo Stock Exchange. eChannelling has consistently been part of the 100 top brands in Sri Lanka.

eChannelling PLC was established in 2001 by Millennium IT (Group Company of the London Stock Exchange), another pioneer ICT Company in Sri Lanka, known worldwide for advanced investment trading systems. In 2001, when the World Wide Web was gaining momentum, eChannelling envisioned an enabling service to eliminate the hassle and the inconvenience faced by the general public to obtain an appointment to meet a Specialist or Consultant at the time and place convenient to them. At the time when eChannelling was launched, other nations in the region and even UK and USA, did not have service to tie up doctors, patients and hospitals, leveraging the power of the Internet and e-commerce.

eChannelling PLC is now a subsidiary of Mobitel (Private) Limited, Sri Lanka's National Mobile Service Provider which is a fully-owned subsidiary of Sri Lanka Telecom PLC.

## *Our Vision*

"To deliver the most sought after information infrastructure for the health care industry"

## *Our Mission*

"Provide healthcare information infrastructure in Sri Lanka and help its people live a Vibrant Life"

### *Doctor Channelling System Mission*

Better medical environment to users through doctor channelling business.

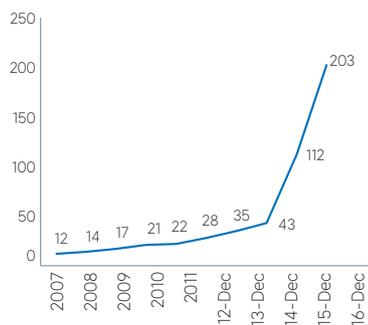
### *Healthcare Card Business Mission*

Better access to healthcare services through Health care card

# Financial Highlights

	9 Months ended 31st December 2016	Year ended 31st March 2016
	Rs.	Rs.
Revenue	107,877,945	210,626,577
Profit from operations	34,825,687	102,323,634
Profit before income tax expense	48,071,518	110,415,778
Profit for the period/year	27,933,709	78,947,419
Total Assets	255,229,680	243,876,534
Net Assets	205,480,524	176,146,518
Net Assets Per Share	1.68	1.44
Earnings Per Share (EPS) Annualized	0.30	0.65
Return on Investment (ROI) Annualized	0.18	0.45

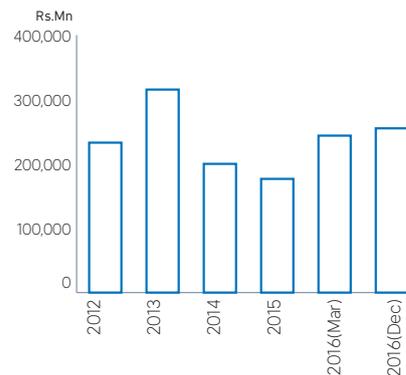
### eChannelling Hospitals Network



### eChannelling Profit (Loss)



### Total Assets



Return on Investment (ROI) Annualized

## 18.13%

Total Assets

## 255.23 Mn

Short Term Investments

## 172.21 Mn



“During the period, we achieved our main objective of increasing the number of stakeholders in terms of the number of hospitals, doctors and agents. eChannelling PLC recorded a revenue of Rs. 107 million (Apr-Dec) in 2016. The Company registered a Net Earning of Rs. 27.9 million.”

## *Chairman's* Message @

The financial period April to December 2016 was a landmark period for eChannelling PLC. The period was marked by new collaborations and technology advancements, most noteworthy being the expansion of its scope of services and the change in its major shareholding. Subsequently, the Company's financial year was altered to January - December to synchronise with the new major shareholder, Mobitel (Pvt) Ltd. This significant development has lent eChannelling strong financial stability for future investment and growth.

In choosing to deliver the best possible eChannelling solutions, we champion innovation, invest in cutting-edge technology, refine processes and protocols, and support ongoing learning and research to continuously improve our standards of care and service outcomes.

We have leveraged technology to build integrated eChannelling delivery models, which facilitate seamless electronic medical records, hospital information systems and telemedicine-based health outreach initiatives for enhanced access to medical care. We have also supported Public-Private Partnerships (PPPs) that will not only strengthen this goal but will help to increase investments in healthcare delivery.

During this financial period, we partnered with the Sri Lanka Postal Service and Sri Lanka Telecom, which boosted our brand in the industry. We succeeded in getting more hospitals to sign up for our eChannelling service, resulting in revenue growth, which was in line with expansion in our healthcare products portfolio and value added services.

During the period, we achieved our main objective of increasing the number of stakeholders in terms of the number of hospitals, doctors and agents. eChannelling PLC recorded a revenue of Rs. 107 million (Apr-Dec) in 2016. The Company registered a Net Earning of Rs. 27.9 million.

I firmly believe that at an individual level, a healthy future belongs to those who prepare for it knowledgeably. Personal health should be safeguarded in an informed manner. Our CSR initiatives were focused on providing free channeling services to the Cancer Hospital patients coming to Colombo from rural areas. The service also enables the donation of eyes, tissues and other organs via the eChannelling website.

Good governance has been the cornerstone of our operation since inception. Our ethical business model and strong governance and risk framework strengthens transparency across the enterprise and serves to drive the long term strategic objectives of the Company.

During the upcoming financial year, we plan to take further steps to improve our effectiveness and efficiency as an organization, supporting future growth and innovation. We remain optimistic about the medium and long-term prospects for growth. The Company has a strong position in the industry and our task is to focus on building the competitive edge to sustain our leadership in a fast-changing environment.



**P G Kumarasinghe Sirisena**

Chairman



"Since Mobitel (Pvt) Ltd's acquisition of eChannelling PLC during the period under review, eChannelling now has access to advanced telecommunication technology, a synergy which will take digital healthcare to the next level by providing more ICT based innovations and services to the customers to improve the livelihood of the society."

## *Message from* **Executive Director** @

Dear Shareholders,

It gives me great pleasure to report on yet another strong performance by eChannelling PLC for the financial period ending 31st December 2016. It is encouraging to note the forward momentum achieved at the close of the 2016 financial period, which positions the Company strongly for the future. It is evident that the Sri Lankan healthcare fraternity is now experimenting, collaborating and leveraging its collective synergies to usher in a new dawn in the healthcare sector. This dynamism was amply reflected in the Company's overall revenue of Rs. 107 million for the period under review in addition to its Net Earnings of Rs. 27.9 million. Significantly, the Company posted an impressive break-even financial performance in the period April to December 2016. The Company is now on

a financially robust path, with Rs. 172 million in short-term investments and a debt-free balance sheet.

During the period under review, the eChannelling brand was rated as one of the top 100 brands in Sri Lanka and a pioneer of eChannelling services to Sri Lanka. eChannelling counts all the major hospitals in the country in its network today, which marks the successful achievement of its strategic plan. Care, service excellence, advocacy, collaboration and innovation are the pillars that support the brand, empowering it to establish industry benchmarks despite growing competition. The 2016 financial period was underscored by numerous new partnerships that mirror eChannelling's passion for delivering convenience and better access to medical care for patients island-wide.

Our marketing strategy has always been dynamic and even during the period under review, the Company's website was revamped, our mobile app was launched, and our pricing mechanism revised to stay ahead of competition. All these factors have driven high demand for eChannelling's services. Greater operational efficiency in terms of stringent cost controls and effective local service management by Directors, Corporate Managers, Department Heads and their teams were achieved.

Since Mobitel (Pvt) Ltd's acquisition of eChannelling PLC during the period under review, eChannelling now has access to advanced telecommunication technology, a synergy which will take digital healthcare to the next level by providing more ICT based innovations and services to the customers to improve the livelihood of the society.

We remain confident about Sri Lanka's long-term growth prospects, whilst at the same time anticipating challenges in the near term due to prevailing market volatility, depreciation of the Sri Lankan rupee and tax implications. Our future growth and expansion strategy is being planned on this premise. In the pursuit of our corporate strategy, we remain vigilant and have undertaken a number of initiatives to inculcate a highly collaborative corporate culture that swiftly implements strategies, drives continuous innovation, ensures strict quality assurance and follows ethical corporate practices.

eChannelling attributes its sustained success to its dedicated team who continue to share its vision for a better, healthier Sri Lanka. The entire team needs to be commended for working tirelessly through the year to deliver care and support to our customers. I wish to express my sincere appreciation to the Chairman and Board of Directors for their wise counsel throughout the year and for fulfilling their governance responsibilities for the benefit of the Company.



**Nalin Perera**

Executive Director

# Board of Directors



Mr. P. G. Kumarasinghe Sirisena  
*Chairman/Director*



Mr. Nalin T. M. Perera  
*Director*



Mr. Sampath A. Hettiarachchi  
*Director*



Mr. D. J. Stephen  
*Director*



Mr. Lawrence M. Paratz  
*Director*



Mr. Kanishka Senanayake  
*Director*

## Mr. P G Kumarasinghe Sirisena

### *Chairman/Director*

Mr. Kumarasinghe was appointed as Non-Independent Non-Executive Director/Chairman of the Board of eChannelling PLC on the 20th September 2016. He is also the Chairman of Sri Lanka Telecom PLC, Mobitel (Pvt) Ltd, SLT Campus (Pvt) Ltd, SLT Publications (Pvt) Ltd, SLT VisionCom (Pvt) Ltd, SLT Human Capital Solutions (Pvt) Ltd, Sky Network (Pvt) Ltd, SLT Property Management (Pvt) Ltd and Sri Lanka Telecom (Services) Ltd.

He is professionally qualified in fields of Management, Financial Management, Accountancy, Human Resource Management and possesses expertise combined with more than 33 years of management experience at Senior Executive level, in both public and private sector.

In addition, Mr. Kumarasinghe is a Fellow of the Chartered Institute of Marketing (FCIM-CIM), Institute of Certified Professional Managers (FCPM-CPM), Institute of Government Accounts and Finance (IOGAF), Association of Accounting Technicians of Sri Lanka (FAAT) and the Association of Public Finance Accountants of Sri Lanka - the Public Sector Wing of CA Sri Lanka (APFA). He is a Certified Member of the Sri Lanka Institute of Marketing (CM-SLIM), Member of the Sri Lanka Institute of Directors (M-SLID), Member of Institute of Personnel Management Sri Lanka (HM-IPM) and an Associate Member of Association of HR Professionals of Sri Lanka (AM-HRP).

Mr. Kumarasinghe was the Managing Director of State Development & Construction Corporation and CEO/ State Timber Corporation. He has served on the Boards of Mahaweli

Engineering Services Ltd and the Sri Lanka Land Reclamation and Development Corporation. He currently serves as a Director on the Boards of Land Reclamation & Development Company Ltd and L R D C Services (Pvt) Ltd. He is also a member of the Board of Governors of Saegis Campus and is also the Financial Consultant of the Araliya Group of Companies.

## Mr. Nalin Perera

### *Director*

Mr. Perera was appointed as an Executive Director of the Board of eChannelling PLC on the 20th September 2016. A pioneer in Sri Lanka's Mobile Telecommunications space, Mr. Perera has steered the industry's landscape and evolution and clearly stands out as an industry front-liner. In an illustrious career spanning three decades of working with several leading international and local businesses, his experience in the Mobile Telecommunication industry is synonymous with its history in Sri Lanka since it was introduced in 1989, which renders him perhaps the most senior and experienced Mobile Telecommunication industry specialist in the country.

He was instrumental in the introduction of mobile telephony to Sri Lanka by the pioneer operator Celltel in 1989. His own success within the Millicom Group was stellar. Having joined as Market Development Executive at Celltel, he rose to General Manager-Sales and Marketing, within a short period of time.

Mr. Perera led the introduction of the Pre-Paid concept to Sri Lanka and its entire supportive eco system such as the Pre-Paid mechanism, organization structure, sales & distribution

## *Board of Directors*

channels, communications, customer support etc. Subsequent to the launch of the Pre-Paid service, Mr. Perera also pioneered several revolutionary products and services such as Value Added Services and Enterprise Business Solutions.

Presently, Mr. Perera functions as the Chief Executive Officer of Mobitel and has led the company to become one of the most profitable and successful Mobile Service Operators in the country. He started his career at Mobitel as General Manager Marketing and progressed to the positions of Senior General Manager Marketing and Senior General Manager Contact Centre Operations respectively. He also held the position of Chief Marketing Officer and took over the responsibilities of Chief Operating Officer at Mobitel in 2015. He leads with strong insights into product and channel development, human resource management and more importantly with his understanding of the telecommunication industry as a whole, apart from his expertise in mobile telephony. His contribution to Mobitel has earned the company many accolades, including several local and international awards.

Mr. Perera holds a Postgraduate Diploma in Marketing (UK) and is a Chartered Marketer (UK). He has obtained his Master of Business Studies at University of Colombo.

### **Mr. D J Stephen**

#### ***Director***

Mr. Joshua was appointed as an Independent Non-Executive Director of the Board of eChannelling PLC on the 26th September 2012. Mr. Joshua holds a Postgraduate Diploma in Marketing (Dip. M) from the Chartered Institute of Marketing, UK. He also holds a Masters in Business Administration (MBA) from University of Sri Jayawardanapura (Postgraduate Institute of Management - PIM).

He is a well established practicing marketer with over twenty years of experience in the areas ranging from sales management, product/marketing management, export marketing, service marketing to direct marketing. He has worked in several well known Sri Lankan and multinational organizations, and has over the years acquired a vast amount of invaluable experience in all areas of sales and marketing management.

He is a resource person attached to the University of Colombo (for the MBA Program), he has successfully conducted several programmes on CRM and related areas with much success. He was lecturing at the Sri Lanka Institute of Marketing (SLIM) for the CIM (UK) offered by the Chartered Institute of Marketing (UK) as well as lecturing for the Diploma Programme offered by SLIM and the National Institute of Business Management (NIBM). He is an external faculty member of Post Graduate Institute of Management (PIM), conducting trainings for their Management Development Programmes. He is a visiting consultant attached to the external faculty of several well known organizations, conducting training programs on negotiations skills, personality development, leadership, people management skills, teamwork, decision making, selling skills, presentation skills, performance management, customer relationship management etc. He has successfully conducted more than (600) six hundred training programmes.

After having acquired a wealth of experience and having risen to the very top in sales and marketing management while being honoured with a MBA from the most prestigious tertiary level management education institution in Sri Lanka, Mr. Joshua finally gave into his entrepreneurial urge, and set up Kaizen Plus SkD (Pvt) Ltd., which essentially specialises in corporate training, management consultancy, outsourcing staff, real estate

and recruitment with a corporate philosophy of 'Partnering Continuous Excellence' within their client organizations. Recent addition to Kaizen Plus is the online recruitment portal www.jobsjobs.lk, which pioneered the mobile sms alert service for job seekers for the first time locally.

### **Mr. Kanishka Senanayake**

#### **Director**

Mr. Senanayake was appointed as a Non-Independent Non-Executive Director of the Board of eChannelling PLC on the 20th September 2016. Mr. Senanayake is a graduate of the University of Tampa, USA in a Degree in Finance and also holds a Foundation Degree in Law from the University of Warwick UK.

He started his career at Holcim Lanka Limited in Colombo Sri Lanka as Business Development Manager from November 2009 to May 2013. Holcim was the largest cement manufacturer in Sri Lanka and a global conglomerate.

Currently, he is the Director of Stallion Holdings (Private) Limited, Stallion Consultancy (Private) Limited, Malfani (Private) Limited, John Miller Enterprises (Private) Limited and Bleu Energy (Private) Limited.

He is also the Chief Executive Officer (Director) of Saviru Cement (Private) Limited.

He was appointed to the Board of Directors of Mobitel (Private) Limited and SLT Property Management (Private) Limited in November 2015.

### **Mr. Lawrence Paratz**

#### **Director**

Mr. Paratz was appointed as a Non-Independent Non- Executive Director of the Board of eChannelling PLC on the 20th September, 2016 and was also appointed to the Board of SLT as an Independent Non-Executive Director on 26th May, 2010.

He holds an MSc (Telecommunication Systems) with Distinction and was awarded the Philips prize from Essex University and a MEng. Sc. from the University of Queensland.

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

Mr. Paratz has more than 30 years' experience in all facets of the telecommunication industry, including mobile, fixed, broadband, satellite and international networks, both domestic and international. This includes capital and infrastructure development, operations, sales, customer service and regulatory issues. As Director and Chief Executive of Acacia Australia Private Limited, he was responsible for the development of an integrated proposal for national broadband communication in Australia.

He has served as a Director of Maxis Communication Berhad, Chairman of the Technology Committee of the Board and a Director of Vernet Private Limited, a Company providing ultra-high speed broadband to universities and research

## *Board of Directors*

establishments in Australia. He was a former Senior Executive of Telstra Corporation. Mr. Paratz is also the Chairman of the Technology Sub-Committee and member of the Risk Management Committee and the Senior Tender Board. He is also a Director of Mobitel (Private) Limited, Sky Networks (Private) Limited, SLT Property Management (Private) Limited, SLT Campus (Private) Limited, Sri Lanka Telecom (Services) Limited, VisionCom (Private) Limited, and SLT Publications (Private) Limited. He is also a Director of Real Thing Entertainment Pty Limited and Razorback Proprietary Limited.

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

Mr. Paratz was formerly Chairman of the On-Trac@Peter Mac Adolescent and Young Adult Cancer Programme and has been involved on e-health.

### **Mr. S A Hettiarachchi**

#### ***Director***

Mr. Hettiarachchi was appointed as an Independent Non-Executive Director of the Board of eChannelling PLC on 1st May 2013. Prior to this appointment, from 2008 to April 2013, he

was the Chief Financial Officer at Lanka Hospitals Corporation PLC. Mr. Hettiarachchi has over 21 years of managerial and leadership experience at leading corporate institutions in both service sector and manufacturing operations including Ansell Lanka Private Limited, Lanka Bell Limited and the DCSL Group. Presently he holds directorships in three private entities namely M/S Premier Lands and Real Estate (Pvt.) Ltd., Signworld Lanka (Pvt.) Ltd and Tyrepoint (Pvt.) Ltd. Mr. Hettiarachchi holds a Master of Business Administration from the University of Western Sydney, Australia and is an Associate Member of the Chartered Institute of Management Accountants, U.K. (ACMA) and a Chartered Global Management Accountant (CGMA).

# Our Products @

## Doctor Channeling System and Service

Along with the doctor channeling system and service eChannelling PLC provides following value added services to hospitals and patients.

### For Hospitals

- Doctor Notification (SMS notification system, to inform patients about the updated doctor appointment status)
- D-Doctor Notification (SMS notification system to inform doctors about their appointment details)

### For Patients

- eChannelling Member Card (offers discount on eChannelling service charge, and products of merchants island wide)
- No Show Refunds (facilitates hassle free refund of all the payment done for the appointment missed by the patient)

## Doctor Channelling Mobile Application (eChannelling)

One touch access to doctors in Sri Lanka. eChannelling mobile application enable users to channel doctors/consultants at anytime, from anywhere. It is an easy, convenient, cost effective and time saving way for channeling doctors/consultants in Sri Lanka.

## HIS (Hospital Information System)

eChannelling has developed and implemented an integrated Hospital Information System (HIS) for one of the largest private hospitals in Sri Lanka. HIS solution with its comprehensive modules is now promoted and marketed to small and medium sized hospitals, medical clinics, retail pharmacies and medical laboratories.

# Sustainability Report

Sustainability reporting refers to the economic, environmental, and social impact of the organisational performance. Presentation of information about a company has now gone beyond the peripheries of traditional financial statements. In addition to the basic, financial, reporting on the economic, environmental and social aspects of business operations has become paramount for modern corporations. Sustainability reporting is the reporting of organizations' activities beyond the core business. Our efforts are continuously evolving, informed by proactive, broad and deep stakeholder engagement. This year's report builds on productive discussions and suggestions from investors, customers, and advocates. We believe that long-term value creation depends on the sustainable development of our business and the communities in which we operate.

## Our Customers

We support our customers both before and after they consume our services that helps them have an easy and enjoyable experience with us. It's more than just providing answers; it's an important part of the promise our home brands impact to our customers. And it's critical to the success of our business. Focusing on the customer experience is the latest trend, it's also smart business. It turns out that making every Touchpoint great doesn't just make customers loyal; it can also increase our profits.

## Our Suppliers

Suppliers are a crucial nexus in the value chain and quality supplies would ultimately benefit our customers by means of quality. Therefore, it is essential that we manage our suppliers so as to maximise the value creation for our customers. Furthermore, close supplier relationship enables to reduce

costs, add product value, extends resources, accelerates time to market and retains customers. Therefore, in today's dynamic and complex business environment, inter-firm business relationships are regarded as having huge implications for the firm's business and competitiveness.

## Our Employees

One of our key strength is our staff. Despite the current economic environment, it is important to continue to develop their expertise. Accordingly, we have continued to invest in our vocational and leadership training programs as well as employee development, engagement and recognition. We recognise the important role of our employees play in developing good business practices and building lasting customer relationships. We deeply value our staff and strive to create an innovative, supportive and engaging workplace to show our appreciation for their many contributions.

Identifying employees with the potential of taking the forefront in future leadership roles and paving their path through training and strong career development measures, is a key initiative taken in 2016. In order to drive performance and ensure sustained commitment is channeled towards achieving set goals, we strive to recruit, retain and reward the best candidates in the market.

At eChannelling PLC we strive to create a sense of community across our employee base, as we believe that our success story can only be written through dedicated and passionate team effort. We also trust that a healthy work-life balance alongside a strong family bond is the key to a healthy and effective workforce.

# Risk Management Report

In business, risk can be defined as any event or incident that if occurs will adversely affect the achievement of expected goals and objectives including missed opportunities. Effective risk management is critical to the achievement of strategic objectives. Risk management controls are integrated into all levels of our business and across all of our operations. It is a must for any Company to analyse risk factors while developing strategies to accomplish their objectives. A poor analysis of risk factors may lead to natural and/or man-made crises. Therefore, risk analysis and management is an integral part of any organization.

The Company has undertaken an approach to procedural, legal and regulatory compliance related to its products and processes, and has accepted best practices in risk management as an integral part of all policies and procedures that guide its activities. The risk management guidelines stipulate systematic identification, assessment, measurement and monitoring of the risk events, in the areas of Strategic, Credit, Operational, Finance, and External Risks. The Company has been keen in providing regular training to its middle and senior management team for inculcating a healthy risk management culture in all departments.

The board level Audit Committee has been overseeing the progress in this regard and the Company is now planning to have a separate board-level Risk Committee to address those issues, considering the importance of risk management.

eChannelling PLC has a comprehensive framework for a common approach to identify, assess, quantify, mitigate, monitor and report operational risk. While it is practically impossible to

eliminate all these risks, the success of a Company depends upon putting inadequate checks and balances to minimise these risk incidents and also to counter-act as and when these risks occur. Our Company has well-oiled and time-tested processes which help manage credit and operational risks.

The stringent borrower selection process ensures minimal credit risk and employee training coupled with a robust audit mechanism helps manage operational risk. While the liquidity and sectoral risks are more external, our Company has, through strict adherence to regulatory guidelines comprising of transparency, etc, expended all efforts to ensure orderly functioning, which in a matured scenario, would be sufficient to address the sector risk. We also expect these to act as confidence building measures for the banks to resume funding to our Company which would serve to address the liquidity risk. Through a combination of company and sector level initiatives, our Company expects to build a fairly stable operation over the medium and long term.

## Identified Risks

### Economic Risks

eChannelling PLC business is sensitive to economic condition and in particular to levels of consumer spending. Any delay in economic recovery could affect consumer expenditure and thereafter our revenue. This is an ongoing risk to our business of increases in the cost of key products.

### Risk Mitigating Activities

- Regular monitoring of economic indicators and changes in consumer spending patterns which form an important input in determining the service price and sale plan for the period.

## *Risk Management Report*

- Continuous focus on process efficiencies and productivity improvements is in place to mitigate increases in support services costs.
- Different pricing structure for geographically segmented markets.
- A broad geographic spread – Island wide hospitals and agents in eChannelling network.

### **Operational Risk**

The operating risk associated with processes, technology and people addresses the risk of loss resulting from events such as system failures, a breakdown in internal controls, human error and criminal activity. It has been proven that losses such as a measurable decline in client confidence and corporate image can be as damaging for an organization as a direct financial loss. Operational risk is an inherent risk of day-to-day business activities due to human errors, frauds, and failures in systems and procedures and deviations from designing procedures; any of which could result in a financial and non-financial loss.

The risks vary greatly depending on the type of contract and the compensation model. The degree of risk is proportionate to the size of the project and also depends on how well risk management is performed. In addition, the choice of technology, method and suppliers plays a part in operational risk as do, in certain cases, the climate and weather conditions.

### **Risk Mitigating Activities**

- Extensive IT Policy enforcement, controls and review.
- The Company has installed comprehensive network security.
- Regular backups of all databases and mission-critical information.

- Periodical security review are conducted and recommendations given by external IT risk assessment team.
- Regular maintenance of hardware.
- Investment in new technology.
- Upscaling knowledge through Training and Development.

### **Credit Risk**

Credit risk is connected with the potential losses arising from the failure of customers & business partners to perform contractual agreements with the Company by way of default. To mitigate the credit risk following actions have been taken.

### **Risk Mitigating Activities**

- Undertake a thorough appraisal of the client before credit is granted and extended.
- Take initial deposit from our agents.
- There are pre-defined credit periods and monthly updates to the Board of Directors regarding trade receivables.
- Disallowing credit facility for new agents initially and credit limits are granted with the recommendation of marketing team.

### **Legal Risk**

Legal risk is the risk resulting from the legal or regulatory framework that governs the Company and its transactions with third parties. Regulatory risks relate not only to general laws and regulations on business operations and taxes in each market but also to local regulations and agreements relating to e-commerce operations.

### **Risk Mitigating Activities**

- There is a proper internal control system to ensure the compliance to all legal requirements.

- Monitor the compliances and report to the Board of Directors monthly.
- Always proactive for potential deficiencies and setup compliance process to eliminate the possible threats.
- Always communicate with Company lawyers & bring their advices for any cooperate matters which occur adverse influence to Company.

### Liquidity Risk

Liquidity risk is connected with the inability or difficulties the Company may face to meet its financial obligations as they become due without affecting normal operations.

### Risk Mitigating Activities

- The liquidity position of the Company reviews.
- The Company has maintained good relationships with banks that has allowed them to meet short term funding requirements.
- Excess money has been invested on short term fixed deposits, Call deposits & Treasury bills.
- This is achieved by regular follow up of trade debts, planning future funding requirements and utilization of short term borrowing facilities.
- Company has sufficient assets to offer as collateral for future funding requirements.

### Competition Risk

The competitive advantage we have enjoyed during past being the pioneer in channelling services in the country has reduced within the last year due to growing competition from new channeling services coming into the market. This situation has eroded our overall market share.

### Risk Mitigating Activities

- Efforts to maintain industry positioning including the practice of value engineering philosophy ensuring value addition to clientele.
- Dedicated senior management teams continuously seeking new opportunities.
- Increasing efficiency through R&D, investment in new technology and the adoption of best practices.
- Diversifying business operations to reduce the impact of competition.
- Building ever stronger relationships with our stakeholders.
- Properly planned advertising campaign.

### Human Resource Risk

The risk associated with losing talented employees and an environment of unpleasant labour relations.

### Risk Mitigating Activities

- The Company maintains an employee evaluation structure and rewards are based on their performance.
- A healthy relationship with the employees at all levels.
- Provide employment benefits such as insurance, training and development to employees where necessary.
- Remuneration packages are benchmarked to ensure that they remain competitive, including incentive arrangement where appropriate.
- Provide various employee benefits through the Welfare Society.

# Corporate Governance

The Board of Directors of eChannelling PLC is committed to meeting high standards of Corporate Governance. The Company firmly believes that the professionalism, integrity and commitment of its Board members and employees, supported by a sound system of policies, practices and internal controls are prime concerns that will sustain long term value and returns for its shareholders. In pursuit of achieving high standard of Corporate Governance the Board ensures the compliance of the regulations set out in the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Ethics jointly issued by the Securities and Exchange Commission (SEC), the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 7 of 2007 of Sri Lanka (Companies Act). The ensuing sections below demonstrates the manner and the extent to which the eChannelling PLC adheres to the Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

## A-Directors

### A 1-Board Leadership

eChannelling PLC is headed by an effective Board of Directors with wide array of experience and currently comprises of the Chairman, Executive Director and four Directors. As evident from the profiles of Board of Directors, eChannelling PLC Board comprises of professionals as well as entrepreneurs who have many years of experience in the corporate world. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment.

## Responsibilities of the Board

The Board is responsible for the formulation and implementation of sound business strategies and is responsible for ensuring that the Company adheres to the relevant laws and regulations of the country, regulatory authorities, professional institutes and trade associations.

### The Board is responsible for:

- Providing direction and guidance to the Company in the formulation of medium and long term strategies.
- Reviewing and approving annual plans and long term business plans.
- Tracking actual progress against plans.
- Overseeing systems of internal control and risk management.
- Reviewing HR policies and HR process on management succession planning.
- Reviewing and approving investments, acquisitions, disposals and capital expenditure.
- Monitoring systems of governance and compliance.

Board meetings are held at least once a quarter. Sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily. Timely information is provided before a meeting with a clear agenda with the Board papers. Directors dedicate adequate time before a meeting to review Board papers. The Company convened four Board Meetings for the period. Information provided covers the monthly accounts and

comparison of performance against the past data, are discussed and remedial action taken when necessary. Senior Managers make presentations on the performance in their respective area on request. When the Board requests additional information, this is also provided.

Board obtains professional advice when required at the expense of the Company. During the period professional advice was sought on legal, accounting, property valuation and actuarial valuation.

The Directors have not formulated a formalised plan for training. The service and advice of the Company Secretary is made available to the Directors where necessary. The Company Secretary is responsible for keeping the Board informed of new laws, regulations and other requirements that are relevant to them as individuals as well as collectively as members of the Board.

### **A 2-Chairman and Executive Director**

A clear division of responsibility is maintained between the Chairman and the Executive Director ensuring that the balance of power and authority is preserved since the Positions of Chairman and Executive Director are separated.

### **A 3-Chairman's and Executive Directors' Role**

The Chairman ensures that;

- Good governance and effective discharge of Board functions by the Board Members at all times and implementations of decisions taken.
- Effective participation of both Executive and Non-Executive Directors and views of directors are ascertained.
- All Directors are encouraged to make an effective contribution.
- The Board is in full control of the Company's state of affairs and is aware of its obligations to shareholders and stakeholders.
- Proper conduct of meetings, accuracy and timeliness of information and accurate minutes.

The Executive Director ensures that;

- Implementation of policies and achieving of strategic objectives of the company.
- Ensures that the operating model of the Company is aligned to the short term and long term strategies pursued by the Company.
- Optimising the use of Company's resources within the framework of corporate and financial strategies, annual corporate plans and budget.
- Working closely with the senior management in identifying risks and initiating prompt action to mitigate such risk.

### **A 4-Financial Acumen**

The Board includes Directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters. Audit and Related Party transaction Committees are headed by a qualified financial professional.

## *Corporate Governance*

### **A 5-Board Balance**

There should be a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking. The Board of eChannelling PLC currently comprises of six Directors, one of whom is an Executive Non-Independent Directors. Two of the five Non-Executive Directors have met the criteria for independence. All the Directors have made a declaration to that effect.

### **A 6-Information to the Board**

The code requires the Company's management to provide timely information to the Board in a form and of quality appropriate to enable it to discharge its duties. Procedures exist to ensure that Directors receive timely information on a monthly basis and a clear agenda and papers with guidance on contents.

### **A 7-Appointments to the Board**

There should be a formal and transparent procedure for the appointment of new Directors to the Board. The appointments to the Board are undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. This is done according to Articles of Association. All Board appointments are informed to the SEC as per the existing regulations. A profile of Directors' qualifications, experience and the other directorships are given under the Directors' profile section of the Annual Report. Details of the new Directors are disclosed to the shareholders at the time of their appointment by way of a public announcement as well as in the Annual Report.

### **A 8-Retirement and Re-election**

All Directors' should be required to submit themselves for re-election at regular intervals.

In terms of the Articles of Association, all the Directors are elected by the shareholders at the Annual General Meeting immediately after their appointment. Thereafter, each year one third of the Directors, other than the Chairman, and the Executive Director, retire by rotation. The Directors who hold office for a longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at AGM, immediately after their appointment, they have to come up for re-election in three years or shorter period.

In terms of the Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for reelection on a substantive motion by a shareholder. The profile details of the Directors who are subject to re-election at the forthcoming AGM are given under the Report of the Directors of the Annual Report.

### **A 9-Appraisal of Board Performance**

The Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged. The Board annually undertake a self-evaluation of itself and that of its committees. The Board carries a monthly follow up sheet on decisions made by it, and the time taken to implement them. This sheet is discussed at every other meeting to self-evaluate the Board.

### **A 10-Disclosure of Information in respect of Directors**

Details in respect of each Director should be disclosed in the Annual Report for information of the shareholders. Name, qualifications, brief profile, nature of expertise, names of other

companies each director serves as a Director are given under the Directors Profile section of the Annual Report. Director's interests in the contracts with the Company are disclosed on pages 75 to 76. Scheduled Board meetings and Committee meetings were arranged well in advance and all the Directors were expected to attend each Meeting. Any instance of non-attendance at Board meetings were generally related to prior business, personal commitments or illness.

## **B-Directors' Remuneration**

### **B 1-Directors' Remuneration**

The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration. Details of the Remuneration Committee and the statement of Remuneration policy are provided on the page 41 of the Annual Report.

### **B 2-Level and Make-up of Remuneration**

The Level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.

Details of the Remuneration Committee and the Statement of Remuneration policy are provided in the Annual Report. Remuneration for Non-Executive Directors of the Company consist of a fee paid on monthly fixed basis. The Company does not have an employee share option scheme.

### **B 3-Disclosure of Remuneration**

The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.

The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 63 of this Report.

## **C-Relationship with Shareholders**

**C 1**-Constructive use of the Annual General Meetings (AGM) and conduct of General Meetings and building up relationships with Shareholders. Company should always encourage participation of the shareholders and solicit their views. The Annual General Meeting and the published reports of the Company are a means of communicating and encouraging shareholder and investor participation. The Board believes that maintaining a good relationship with shareholders is of prime importance. The members of the Board are present at the Annual General Meeting and are willing to answer questions raised by the shareholders. The Notice and the related documents are sent out to the shareholders 15 working days prior to the date of the AGM.

### **C 2-Communication with Shareholders**

The Board should implement effective communication with shareholders. The Company uses many methods to disseminate information to shareholders, including the annual and quarterly financials, company publications, information sent to CSE etc.

The Annual Report produced for the period ended 31st December 2016, is available to all shareholders on the Company website or in paper form on request. Shareholders are invited

## *Corporate Governance*

to express their views on any issues of concern at the AGM. The Board will respond to all validly received shareholder correspondences and will direct the Company Secretary to send the response to the shareholder. Contact persons for shareholder matters are Company Secretary and in the absence of them, the Executive Director.

### **C 3-Major and Material Transactions**

Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/ vary the net assets base of the Company. There is no materially significant related-party transactions or relationships between the Company and the Directors, subsidiary companies or related parties except for those disclosed in Note 27 to the Financial Statements for the period ended 31st December 2016.

### **D-Accountability and Audit**

#### **D 1-Financial Reporting**

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

The Board through the Management is responsible for the preparation and fair presentation of the Financial Statements of Company in accordance with the Sri Lanka Accounting Standards, comprising SLFRSs and LKAs. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of these financial statements. This includes selecting and applying appropriate accounting policies and making estimates that are reasonable.

The Financial Review from pages 50 to 53 provides a fair assessment of the Company's performance and results for the period.

Chairman's Review, Executive Director / CEO's Review and Annual Report of the Board of Directors on the Affairs of the Company are given on pages 6 to 9 and pages 43 to 45. The Statement of Directors' Responsibility for Financial Reporting is given on page 46 and the Independent Auditors' Report on the Financial Statements of the Company for the period ended 31st December 2016 is given on page 49.

#### **D 2-Internal Controls**

The Board should have a process of Risk Management and a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board is responsible for the effectiveness of the internal controls. The effectiveness of the internal control system is periodically reviewed by the Audit Committee and major observations are reported to the Board. The Board reviews the reports arising from internal audits. The Board has reviewed the internal control procedures in existence and is satisfied with its effectiveness.

#### **D 3-Audit Committee**

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.

The Audit Committee among other functions reviews the operation and effectiveness of the internal control systems. The internal controls within the Company are designed to provide reasonable assurance to the Directors and assist them to monitor the financial position of the Company.

The Audit Committee comprises of two Independent Directors of the Company. The Executive Director, CEO, Finance Manager and senior management members of the Parent Company attend the meetings on invitation. The Audit Committee Report is given in this Report.

#### **D 4-Code of Business Conduct & Ethics**

The Companies must adopt a Code of Business Conduct & Ethics for directors and members of the senior management team and must promptly disclose any waivers of the Code for Directors or others.

The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission is adopted by the Directors who then ensure that the Company employees behave ethically.

#### **D 5-Corporate Governance Disclosures**

The Company should disclose the extent of adoption of best practice in Corporate Governance.

Adhered to as per the Corporate Governance principles given in this Report.

#### **E-Institutional Investors**

##### **E 1-Shareholder Voting**

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

All shareholders are invited for AGM. Company uses Annual General meeting as an effective channel to create a dialogue

between Directors' and the shareholders. All shareholders are welcome to express their opinion. When evaluating Company's governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.

#### **F-Other Investors**

##### **F 1-Investing/Divesting Decision**

Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyse their investments adequately through CSE web site and other public announcements.

All shareholders are encouraged to participate in General Meetings and to exercise their voting rights.

Compliance with Corporate Governance Rules as in Section 7.10 of the Listing Rules of the Colombo Stock Exchange

The following table illustrates how the Company has adhered to the corporate governance and listing rules.

## Corporate Governance

Rule No.	Subject	Requirement status	Compliance	Details
7.10.1. (a)	Non-Executive Directors	Two or one third of the total no. of directors shall be Non-Executive Directors whichever is higher.	Complied with.	There are six Directors as at the date of the Annual Report. Out of which four Directors are Non-Executive Directors.
7.10.2. (a)	Independent Directors	Two or one third of the Non-Executive Directors whichever is higher shall be independent.	Complied with.	The Board comprises of two independent non-executive Directors as at the date of the Annual Report.
7.10.2. (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence in the prescribed format.	Complied with.	All non-executive Directors have submitted their declaration of independence in the prescribed format
7.10.3. (a)	Disclosure relating to Directors	Names of independent Directors should be disclosed in the Annual Report.	Complied with.	The names of the Independent Directors Are disclosed on the pages 09 to 12 of the Annual Report.
7.10.3. (b)	Disclosure relating to Directors	In the event a Director does not qualify as independent as per rules on corporate governance but if the board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Complied with.	The Board has not been required to perform such determination.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be published in the Annual Report including the area of expertise.	Complied with.	A complete profile of Directors is provided on pages 09 to 12 of the Annual Report.

Rule No.	Subject	Requirement status	Compliance	Details
7.10.5	Remuneration Committee	A Listed Company shall have a Remuneration Committee.	Complied with.	Please refer page 28 of the Annual Report for more details on the committee and its functions
7.10.5 (a)	The composition of Remuneration Committee	The Remuneration Committee shall comprise a minimum of two Independent non-executive directors or non-executive directors, a majority of whom shall be Independent whichever is higher.	Complied with.	The committee has two members, who are independent.
7.10.6.	Audit Committee	A Listed Company shall have an audit committee.	Complied with.	The Company has an Audit Committee comprising of two members.
7.10.6. (a)	Composition of Audit Committee	The Audit Committee shall comprise a two independent Non- Executive Directors, or Non-Executive Directors, a majority of whom shall be independent whichever is higher.	Complied with.	The committee consists of two members who are independent. The Chairman of the committee is member of a recognized accounting body.

# Audit Committee Report

## Composition of the Audit Committee

The Audit Committee appointed by and responsible to the board of Directors, Comprises the following two independent Non-Executive Directors.

Mr. S.A Hettiarachchi - Chairman

Mr. D.J Stephen

Brief profiles of each member are given on pages 09 to 12 of his report.

Their individual and collective finance knowledge and business acumen and the independence of the committee, are brought to bear on their deliberations and judgments on matters that come with the committee's purview.

Company Secretary acts as the Secretary to the Audit Committee. The meetings were attended by the CEO, Executive Director, Finance Manager and senior management members of the parent company on invitation.

## Charter of Audit Committee

The Audit Committee charter is periodically reviewed and revised with the concurrence of the Board of Directors. The terms of reference of the committee are clearly defined in the charter of the Audit Committee.

Rules on Corporate Governance under listing rules of corporate governance under Colombo Stock Exchange " Code of best practice on cooperate governance" issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities

and Exchange Commission of Sri Lanka further regulate the composition, roles and functions of the Board Audit committee.

## Meeting of Audit committee

The Committee met 3 times during the period. External Auditors were present at discussion where this was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

## The Objective and Role of the Audit Committee

The primary role of the audit committee is to ensure the integrity of the financial reporting, audit processes, the maintenance of sound internal controls and risk management system. The committee's responsibilities include monitoring and reviewing the following:

1. Effectiveness of the Company's internal control and risk management procedures.
2. Appropriateness of the Company's relationship with the external auditors including independence, non-audit services and recommending to the Board on re-appointment of auditors.
3. Effectiveness of the internal audit function and the scope of work.

## Tasks of the Audit Committee

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company in the presentation of its quarterly and annual financial Statements to ensure reliability of the

processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee in its evaluation of financial reporting system also recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

#### **Internal Audit**

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

#### **External Audit**

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and Audit Management Letter of the Company.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

#### **Appointment of External Auditors**

The Audit Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants continued as Auditors for the financial year ending 31st December 2017.

#### **Support to the Committee**

The committee received information and support from management during the period to enable it to carry out its duties and responsibilities effectively.

#### **Sri Lanka Accounting Standards**

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors.

The Committee would continue to monitor the compliance with the relevant Accounting Standards and keep the Board of Director informed at regular intervals.

The Committee has pursued the support of Messers KPMG to assess and review the existing SLFRS policies and procedures adopted by the Company.

(Sgd.)

**Sampath Hettiarachchi**

Chairman

Audit Committee

15th February 2017

# Remuneration Committee Report

## Composition of the Committee

The Remuneration Committee appointed by and responsible for the Board of Directors comprises two independent Non-Executive directors. The Remuneration Committee comprised of the following members;

1. Mr. S.A Hettiarachchi - Chairman
2. Mr. D.J Stephen

The brief profiles of the Directors are given on pages 09 to 12 of the Annual Report. The committee members possess experience in the fields of management and human resources.

CEO, Executive Director, Finance Manager and senior management members of the Parent Company assist the committee by providing relevant information and participating on invitation in its analysis and deliberations, except when their own compensation packages are reviewed. The committee had ensured that the Board is complying with the relevant Statutory Acts in relation to remuneration relating to directors.

## The Scope of the Committee

The Committee is vested with power to evaluate, assess, decide and recommended to Board of Directors on any matter that may affect Human Resources Management of the Company and specifically includes

- Formulate guidelines, policies and parameters for the compensation structures for all executive staff of the Company.
- Review informations related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of each department against the predetermined targets & goals.
- Approving annual salary increments, bonus, commission structures and staff benefits.

## Remuneration Policy

The remuneration policy is to attract and retain a highly qualified and experience work force, and reward performance accordingly in the backdrop of industry norms.

## Meetings

The Committee held one meetings during the period under review.

Overall the Committee is satisfied that it has completed the responsibilities that were delegated to it by the Board for the period under review and the necessary objectives were achieved, and it is forecasted to follow the same practice over the current period.

(Sgd.)

**Sampath Hettiarachchi**

Chairman

(Remuneration Committee)

15th February 2017

# *Related Party Transaction* Review Committee Report

## Composition of the Committee

As required by the SEC under its Code of Best Practice for Listed Companies, the Related Party Transactions Review Committee was formed with effect from the 28th April 2016. The Committee will act with the intention of ensuring, on behalf of the Board, that all related party transactions of eChannelling PLC are consistent with the Code of Best Practices on Related Party Transactions issued by the SEC.

The Related Party Transaction Review Committee comprises two Independent Non-Executive Directors. The Committee comprised of the following members;

Mr. S.A Hettiarachchi – Chairmen

Mr. D.J Stephen

Ms. Abulaiti Gulimire (resigned w.e.f 20.12.2016)

Brief profiles of each member are given on pages 09 to 12 of his report.

## The duties of the Committee

- To review in advance all proposed related party transactions of the Company, either prior to the transactions being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the committee requires from management, employees or external parties to with regard to any transaction entered in to with a related party.
- Obtain knowledge or experience to access all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommended, where necessary, to the board and obtain

their approval prior to the execution of any related party transaction.

- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial of the entity and its minority shareholders.
- Meet with the management, auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services, or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent /non recurrent related party transactions.
- To monitor and recommended the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial assets of the related party transaction.

## Meetings

The Committee held 2 meetings during the period under review.

(Sgd.)

**Mr. S.A. Hettiarachchi**

Chairman

Related Party Transaction Review Committee

15th February 2017

# Report of Directors

The Board of Directors are pleased to present their Report and the Audited Financial Statements of the Company for the period ended 31st December 2016. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007, the Colombo Stock Exchange Listing rules and are guided by recommended best accounting practices.

## Review of the Period

The Chairman's Review and Executive Director's Review describe the Company's affairs and mentions important events of the period.

## Principal Activity

The principal activity of the Company is to operate an Internet based electronic commerce business to provide a booking service for the consultation of doctors and related medical services.

## Auditor's Report

The Auditor's report on the financial statements is given on page 34.

## Financial Statements

The financial statements of the Company are given in pages 35 to 66.

## Accounting Policies

The accounting policies used in preparation of the Financial Statements of the Company are given at pages 39 to 50 of the Annual Report as required by Section 168 (1) (d) of the Companies Act. The Balance Sheet date of the Company has been changed to 31st December.

## Directors' Interest

None of the directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 27 to the Financial Statements (Related Party Transactions).

## Director's Remuneration and Other Benefits

Director's remuneration in respect of the Company for the financial period ended 31st December 2016 is given in Note 11 to the Financial Statements.

## Corporate Donations

No donations were made by the Company during the financial period for charitable or political purposes.

## Directors and their Shareholdings

Directors of the Company and their respective shareholdings as at 31st December 2016 are as follows.

	31.03.2016	31.12.2016
Mr. D.J. Stephen	Nil	Nil
Mr. S.A. Hettiarachchi	Nil	Nil
Mr. P.G.K. Sirisena	Nil	Nil
Mr. L.M. Paratz	Nil	Nil
Mr. N.T.M. Perera	Nil	Nil
Mr. K.G.D. Sudharshana	Nil	Nil

Mr. Tatsuya Koike and Mr. Natsuki Goto resigned and Mr. P.G.K.Sirisena, Mr. D.K.Senanayake, Mr. L.M. Paratz and Mr. N.T.M. Perera were appointed to the Board with effect from 20th September 2016.

Ms. Abulaiti Gulimire resigned from the Board with effect from 20th December 2016.

Mr. K.G.D. Sudharshana was appointed to the Board with effect from 6th April 2017.

In terms of Article 86 and 87 of the Articles of Association of the Company Mr. S.A. Hettiarachchi retires by rotation and being eligible offers himself for re-election.

In terms of Article 94 of the Articles of Association of the Company Mr. P.G.K. Sirisena, Mr. D.K. Senanayake, Mr. L.M. Paratz and Mr. N.T.M. Perera and Mr. K.G.D. Sudharshana retires and being eligible offer themselves himself for re-election.

### **Auditors**

The Financial Statements for the period ended 31st December 2016 have been audited by Messrs KPMG, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors Messrs KPMG were paid LKR 305,000 (2016 – LKR 342,219) as audit fees by the Company.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

### **Investments**

Details of investments held by the Company are disclosed in Note 21 & 22 to the Financial Statements.

### **Intangible Assets**

An analysis of the Intangible Assets of the Company, additions and impairments during the period and amortisation charged during the period are set out in Note 16 to the Financial Statements.

### **Property, Plant and Equipment**

An analysis of the property, plant and equipment of the Company, additions and disposals made during the period and depreciation charged during the period are set out in Note 15 to the Financial Statements.

### **Capital Commitments**

There are no material capital commitments that would require disclosures in the Financial Statements.

### **Stated Capital**

The Stated Capital of the Company is LKR 93,758,316. There was no change in the stated capital of the Company during the period.

### **Reserves**

Retained earnings as at 31st December 2016 amount to LKR 111,322,606 Movements are shown in the Statement of Changes in Equity in the Financial Statements.

### **Events Subsequent to the Reporting Date**

No significant events have occurred since the reporting date other than those disclosed in Note 29 to the Financial Statements.

### **Going Concern**

The Board of Directors is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

## Report of Directors

### Employment Policies

The Company identifies Human Resource as one of the most important factor contributing to the survival and growth of the Company in the current competitive business environment. While appreciating and valuing the service of our employees a greater effort is made to hire the best talent from external sources to maintain and improve the high quality of the service.

### Taxation

The tax position of the Company is given in Note 13 to the Financial Statements.

Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.16	31.12.16
Market price per share	8.00	7.00
Highest share price during the period	10.60	11.90
Lowest share price during the period	7.50	6.60

### Shareholding

The number of registered shareholders of the Company as at 31st December 2016 was 1,725.

### Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2016, together with an analysis are given on page xx

### Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time.

### Environment, Health and Safety

The Company continues to ensure that all environmental health

and safety regulations are strictly followed in order to minimise any adverse effects.

### Corporate Governance

The Directors are responsible for the formulation and implementation of overall business strategies, policies and for setting standards in the short, medium and long term and adopting good governance in managing the affairs of the Company.

### Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st December 2016.

### Annual General Meeting

The Sixteenth Annual General Meeting of the Company will be held at Saffron Room of the Bandaranayake Memorial International Conference Hall (BMICH) on 24th May 2017, at 2.00 p.m.

For and on behalf of the Board of Directors of  
**eChannelling PLC**



**P. G. Kumarasinghe Sirisena**  
Chairman



**Nalin Perera**  
Director



**S S P Corporate Services (Private)  
Limited, Secretaries**

28th April 2017



*Financial*  
**Reports**

# Independent Auditors' Report



**KPMG**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300,  
Sri Lanka.

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Internet : www.lk.kpmg.com

## TO THE SHAREHOLDERS OF eChannelling PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of eChannelling PLC, ("the Company"), which comprise the statement of financial position as at December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 35 to 66 of the annual report.

### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and cash flows for the nine months period then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS  
Colombo

15th February 2017

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilaka FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Josephi FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyaratne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

## Statement of Profit or Loss and Other Comprehensive Income @

For the		<b>9 Months ended</b> <b>31st December 2016</b>	Year ended 31st March 2016
	Note	Rs.	Rs.
Revenue	08.	107,877,945	210,626,577
Cost of sales		(27,946)	(46,428)
<b>Gross Profit</b>		<b>107,849,999</b>	<b>210,580,149</b>
Other income	09.	588,040	801,418
Administrative expenses		(64,079,199)	(102,574,926)
Selling and distribution expenses		(9,533,153)	(5,364,285)
Other expenses	10.	-	(1,118,722)
<b>Profit from operations</b>	11.	<b>34,825,687</b>	<b>102,323,634</b>
Finance income	12.	13,245,831	8,092,144
<b>Profit before income tax expense</b>		<b>48,071,518</b>	<b>110,415,778</b>
Income tax expense	13.	(20,137,809)	(31,468,359)
<b>Profit for the period/year</b>		<b>27,933,709</b>	<b>78,947,419</b>
<b>Other Comprehensive Income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of employee benefit obligation	25.2	1,553,680	236,057
Related tax		(435,030)	66,096
<b>Items that are or may be reclassified to profit or loss</b>			
Net change in fair value of available-for-sale financial assets		281,647	(345,859)
Available for sale reserve- reclassified to profit or loss		-	1,118,722
<b>Other Comprehensive Income for the period/year</b>		<b>1,400,297</b>	<b>1,075,016</b>
<b>Total Comprehensive Income for the period/year</b>		<b>29,334,006</b>	<b>80,022,435</b>
<b>Earnings Per Share</b>	14.	<b>0.23</b>	<b>0.65</b>

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## Statement of Financial Position

As at	Note	31.12.2016 Rs.	31.03.2016 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant & equipment	15.	11,222,113	13,939,863
Intangible assets	16.	4,636,345	5,868,712
Employee share ownership trust fund	17.	-	-
<b>Total Non Current Assets</b>		<b>15,858,458</b>	<b>19,808,575</b>
<b>Current Assets</b>			
Inventories	19.	382,288	410,234
Trade & other receivables	20.	39,196,822	44,844,874
Amount due from related parties	27.2	12,344,013	-
Short term investments	21.	172,213,268	151,050,213
Dealing securities	22.	1,968,412	1,686,765
Cash & cash equivalents	23.	13,266,419	26,075,873
<b>Total Current Assets</b>		<b>239,371,222</b>	<b>224,067,959</b>
<b>Total Assets</b>		<b>255,229,680</b>	<b>243,876,534</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	24.	93,758,316	93,758,316
Retained earnings		111,322,606	82,270,247
Available for sale reserve		399,602	117,955
<b>Total Equity</b>		<b>205,480,524</b>	<b>176,146,518</b>
<b>Non Current Liabilities</b>			
Employee benefits	25.	4,068,360	4,508,844
Deferred tax liabilities	18.	767,656	586,293
<b>Total Non Current Liabilities</b>		<b>4,836,016</b>	<b>5,095,137</b>
<b>Current Liabilities</b>			
Trade & other payables	26.	38,601,376	48,235,538
Amount due to related parties	27.3	86,512	-
Current tax liabilities		6,225,252	14,399,341
<b>Total Current Liabilities</b>		<b>44,913,140</b>	<b>62,634,879</b>
<b>Total Liabilities</b>		<b>49,749,156</b>	<b>67,730,016</b>
<b>Total Equity &amp; Liabilities</b>		<b>255,229,680</b>	<b>243,876,534</b>

The notes to the Financial Statements form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of Companies Act No 07 of 2007.



**A.R.R.D. Alahakoon**

Finance Manager

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Director;



**P.G.K. Sirisena**

Chairman



**N.T.M. Perera**

Director

15th February 2017  
Colombo.

## Statement Of Changes In Equity @

	Stated Capital Rs.	Available for-sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01 April 2015</b>	93,758,316	(654,908)	3,020,675	96,124,083
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	78,947,419	78,947,419
Other comprehensive income	-	772,863	302,153	1,075,016
<b>Total comprehensive income for the year</b>	-	772,863	79,249,572	80,022,435
<b>Balance as at 31 March 2016</b>	93,758,316	117,955	82,270,247	176,146,518
<b>Balance as at 01 April 2016</b>	93,758,316	117,955	82,270,247	176,146,518
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	27,933,709	27,933,709
Other comprehensive income	-	281,647	1,118,650	1,400,297
<b>Total Comprehensive income for the period</b>	-	281,647	29,052,359	29,334,006
<b>Balance as at 31 December 2016</b>	93,758,316	399,602	111,322,606	205,480,524

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## Statement of Cash Flows

For the	9 Months ended 31st December 2016	Year ended 31st March 2016
	Rs.	Rs.
<b>Cash Flow From Operating Activities</b>		
Profit before tax	48,071,518	110,415,778
<b>Adjustments for :</b>		
Provision for depreciation	3,231,524	4,070,994
Provision for amortization	2,544,171	3,024,682
Provision for employee benefits	1,113,196	1,879,551
Interest income	(13,245,831)	(8,092,144)
Profit on disposal of property, plant and equipment	-	(20,000)
Impairment of dealing securities	-	1,118,722
Provision for impairment of bad & doubtful debts	-	1,714,352
<b>Operating Profit before Working Capital Changes</b>	<b>41,714,577</b>	<b>114,111,935</b>
Decrease in inventories	27,946	46,429
Increase/(Decrease) in trade & other receivable	4,849,333	(710,034)
Net change in amount due to/from related parties	(12,257,501)	-
(Decrease) in trade & other payables	(9,634,162)	(2,303,077)
<b>Cash Generated from Operations</b>	<b>24,700,193</b>	<b>111,145,253</b>
Interest received	13,713,786	6,005,743
Tax paid	(27,766,844)	(49,169,156)
Employee benefits paid	-	(548,342)
<b>Net Cash Generated from Operating Activities</b>	<b>10,647,135</b>	<b>67,453,498</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of property plant and equipment	(513,774)	(895,975)
Acquisition of intangible assets	(1,311,804)	(2,968,612)
Net proceed from short term investment	(21,631,011)	(93,574,049)
Cash proceeds from disposal of property, plant and equipment	-	20,000
Net Proceed from employee share ownership trust fund	-	10,998,320
<b>Net Cash Used in Investing Activities</b>	<b>(23,456,589)</b>	<b>(86,420,316)</b>
<b>Net decrease in Cash &amp; Cash Equivalents</b>	<b>(12,809,454)</b>	<b>(18,966,818)</b>
Cash & cash equivalents at beginning of the period/ year	26,075,873	45,042,691
<b>Cash &amp; Cash Equivalents at end of the period/ year</b>	<b>13,266,419</b>	<b>26,075,873</b>
<b>Analysis of Cash and Cash Equivalents (Note 23)</b>		
Cash at bank	13,220,476	26,050,672
Cash in hand	45,943	25,201
	<b>13,266,419</b>	<b>26,075,873</b>

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## Notes to the Financial Statements @

### 01 Reporting entity

#### 1.1. Domicile and Legal Form

eChannelling PLC (the "Company"), is a public limited liability quoted Company incorporated on 27 July 2000 and domiciled in Sri Lanka. The address of the Company's registered office is Sun city Towers, Mezzanine Floor No.18, St. Anthony's Mawatha, and Colombo – 03.

#### 1.2. Principal Activities and Nature of Operations

The principal activity of the Company is to provide information infrastructure for the healthcare industry of Sri Lanka where each stakeholder in the healthcare industry can benefit from. Under this mission, the main product of the Company is a software system which provides an efficient mechanism for the channeling of medical practitioners. In addition, the Company provides Hospital information system which supports the efficient operation of hospitals.

#### 1.3. Parent & Ultimate Parent

On 05 September 2016 Mobitel (Pvt) Ltd acquired 87.59% of Company shares from its previous shareholder Senior Marketing System Asia (Pte) Limited. Accordingly, Mobitel (Pvt) Ltd is the parent of eChannelling PLC which holds 87.59% shares of E-channeling PLC. Sri Lanka Telecom PLC who owns 100% of Mobitel (Pvt) Ltd is the ultimate parent of the Company.

#### 1.4. Number of Employees

The total number of employees of the Company as at 31st December 2016 is 31 (2016 March – 31).

### 02 Basis of preparation

#### 2.1 Statement of compliance

The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows, together with the notes, (the "Financial Statements") of the Company as at 31st December 2016 and for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

The financial statements were authorized for issue by the Board of Directors on 15 February 2016.

#### 2.2 Basis of measurement

The Financial Statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for following material items in the statement of financial position:

- Available for sale financial assets are measured at fair value.
- Employee benefits.

#### 2.3 Functional and presentation currency

The financial statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional currency.

#### 2.4 Use of estimates and judgments

The preparation of Financial Statements, management has made judgments, estimates and assumptions

## Notes to the Financial Statements

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

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

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in these financial statements are included in the following notes.

Note 3.3.1 - Impairment of trade receivables

Note 3.4.1 - Provision for depreciation

Note 3.4.2 - Amortization of intangible assets

Note 3.5.2 - Employee benefit obligations

Note 3.5.3 - Contingent liabilities

Note 3.6.9 - Deferred taxation

### (i) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet

the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1

That are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 03 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

#### 3.2 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions. Non-monetary assets & liabilities that are stated at fair value denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the values were determined. Foreign exchange differences arising on translation are recognized in the Statement of profit or loss.

#### 3.3 Financial instruments

##### 3.3.1 Non derivative financial assets

###### Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available –for-sale financial assets as appropriate. The Company determine the classification of its financial assets at initial recognition. Financial Assets are recognized when and only when the Company becomes a party to the contractual provisions

of the financial instruments. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognized they are measured at fair value plus directly attributable transaction costs, however in the case of financial assets classified at fair value through profit and loss, directly attributable transaction costs are not considered. The financial assets include cash and cash equivalent, short term investments, and investments in dealing securities related party receivables and trade and other receivables.

###### Subsequent measurement

The non-derivative financial assets can be classified in to the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivable and available for sale financial assets and the subsequent measurement of non-derivative financial assets depends on their classification. The Company's financial assets are limited to loans and receivables and available for sale financial assets and subsequent measurement is as follows;

##### (a) Loans & receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method (EIR), less any impairment losses. The losses arising from impairment are recognized in the statement of comprehensive income in 'impairment losses on loans and receivables'.

## Notes to the Financial Statements

Loans and receivables comprises of cash and cash equivalents, trade and other receivables, short term investments and related party receivables.

Cash and cash equivalents comprise cash in hand and cash at bank balance. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (b) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. According to LKAS 39 investment in long term equity securities are classified as available for sale financial assets. Available for sale financial assets are recognized at fair value, subsequently measured at fair value, with changes recognized in other comprehensive income and presented within equity in the fair value reserve. If there is significant and prolong decline in fair value, such decline is identified as impairment. Impairment losses shall be recognized in the profit or loss and cumulative losses recognized in the Other Comprehensive Income will be reclassified to profit or loss.

Available for sale financial assets comprises of dealing securities.

### De-recognition

A financial assets is de-recognised when:

- The rights to receive cashflows from the asset have expired.

- The Company has transferred its rights to receive cashflows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a 'passthrough' arrangement; and either
  - a) The Company have transferred substantially all the risks and rewards of the asset
  - b) The Company have neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

### Impairment of financial asset

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

### (a) Loans and receivables

The Company considers evidence of impairment for receivables at specific asset level. All individually significant receivables are assessed for specific impairment.

Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(b) Available for sale financial assets**

Impairment losses on available -for -sale financial assets are recognized by reclassifying accumulated losses that has been recognized in other comprehensive income and presented in the fair value reserve in equity, to profit or loss. If, in a subsequent period, the fair value of an impaired available for sale asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income.

**3.3.2 Non derivative financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determine the classification of its financial liabilities at initial recognition. Financial liabilities are recognized when and only when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognized initially at fair value plus in case of financial liabilities which can be classified in to two categories as financial liabilities at fair value through profit and loss and other financial liabilities. Company has classified its financial liabilities in to other financial liability category.

**Subsequent measurement**

The Company classifies non derivative financial liability into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Such financial liabilities measured at amortized cost include related party payable, trade and other payables.

**De-recognition**

A financial liability is derecognized when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a Derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

**3.3.3 Amortized cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

**3.3.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company has a legal

## Notes to the Financial Statements

right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.4 Non-Financial assets and basis of measurement

#### 3.4.1 Property, plant and equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

##### Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

##### Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic

benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the statement of profit or loss as incurred.

##### De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalised. At each such capitalization, the remaining carrying amount of the previous cost is derecognized.

##### Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on straight-line basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Furniture & Fittings	04 Years
Computer Equipment	02 Years
Computer Servers	05 Years
Motor Vehicle	05 Years
Office Equipments	02 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

**3.4.2 Intangible assets**

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

**Basis of recognition**

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

**Software**

All computer software costs incurred licensed for use by the Company, which are not integrally related to

associated hardware, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less amortisation and any accumulated impairment losses.

**Amortisation**

Computer software are amortised over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The estimated useful lives for the current and comparative periods are as follows:

License Software	03 Years
Hospital net Software	10 Years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

**De-recognition**

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

**3.4.3 Impairment - non financial asset**

The carrying values of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that

## Notes to the Financial Statements

are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Grouped together in to the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets ("cash-generating unit or CGU") for the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the Group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decrease or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognized.

### 3.5 Liabilities and provisions

#### 3.5.1 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.5.2 Employee benefits

##### a) Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions

in accordance with the respective statutes and regulations.

#### **Employees' Provident Fund**

The Company and employees contribute 15% and 10% respectively of the salary of each employee to the Employees' Provident Fund managed by the Central Bank of Sri Lanka.

#### **Employees' Trust Fund**

The Company contribute 3% of the salary of each employee to the Employees' Trust Fund managed by Central Bank of Sri Lanka.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

#### **b) Defined benefit plans - retiring gratuity**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No 12 of 1983. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated as at the reporting date based on an internally generated model using formula.

The liability is not externally funded nor actuarially valued. Under the payment of Gratuity Act No 12 of 1983, the liability to an employee arises only on completion of five-years of continued service.

### **3.5.3 Capital commitments & contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

### **3.5.4 Events after the reporting date.**

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

## **3.6 Statement of comprehensive income**

### **3.6.1 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales returns, trade discounts and revenue related taxes.

Revenue for services rendered is recognized in the statement of comprehensive income after completion of the service.

Call charge income is recognized in the profit or loss once the number of call minutes confirmed by the telecommunication companies.

### **3.6.2 Profit on disposal of property, plant & equipment**

Profits or losses resulting from disposal of property,

## Notes to the Financial Statements

plant & equipment have been accounted on cash basis in the statement of profit or loss.

### 3.6.3 Dividend income

Dividend income is recognized in statement of profit or loss on the date that the Company's straight to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### 3.6.4 Interest income

Interest income is recognized as it accrues in the statement of profit or loss using effective interest method.

### 3.6.5 Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the Company is before income tax expense and after making provision for all

known liabilities and for the depreciation of property, plant & equipment.

### 3.6.6 Finance income

Finance income comprises interest income.

### 3.6.7 Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

### 3.6.8 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

### 3.6.9 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, based on the level of future taxable profit forecasts and tax planning strategies.

#### **3.6.10 Value Added Tax (VAT)**

The Company is liable to pay Value Added Tax on taxable supplies.

#### **3.6.11 Nation Building Tax (NBT)**

The Company is liable to pay Nation Building Tax (NBT) at specified rate.

#### **3.6.12 Basic earnings per share (EPS)**

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS

is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### **04 Related party transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

#### **05 Cash flow statement**

The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of cash flows'.

Cash and cash equivalents comprise of cash in hand and cash at bank.

#### **06 New Accounting Standards issued but not effective as at the Reporting date.**

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Company and have an impact on the future Financial Statements.

##### **a) SLFRS 9 - Financial Instruments**

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in

## Notes to the Financial Statements

LKAS 39. This standard becomes effective for annual periods beginning on or after January 01, 2018. The adoption of SLFRS 9 will have an impact on classification and measurement of Company's financial assets.

### b) **SLFRS 15 - Revenue from Contracts with Customers**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction contracts'. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018, with early adoption permitted.

### 07 **Change of the year end of the Company**

The Board of Directors has decided to change its financial year end from 31 March to 31 December to be in line with the financial year end of its Parent Company and ultimate parent, Mobitel (Pvt) Ltd and Sri Lanka Telecom PLC, respectively. Accordingly, the financial statements of eChannelling PLC contain the results of nine months beginning from 1 April 2016 to 31 December 2016. However, the comparative figures presented in these financial statements are for the year ended 31 March 2016 and not entirely comparable with the current period.

For the

**9 Months ended**  
**31st December**  
**2016**  
**Rs.**

**Year ended**  
**31st March**  
**2016**  
**Rs.**

	<b>9 Months ended</b> <b>31st December</b> <b>2016</b> <b>Rs.</b>	<b>Year ended</b> <b>31st March</b> <b>2016</b> <b>Rs.</b>
<b>08. Revenue</b>		
Revenue from portals	92,294,705	183,496,739
Software & other income	-	1,994,782
Call charges income	3,447,538	7,102,788
Doctor notification income	5,497,740	6,724,518
D-Doctor notification income	473,305	248,638
Revenue from membership cards	864,542	1,442,564
Net revenue from no-show refund	5,300,115	9,616,548
	<b>107,877,945</b>	<b>210,626,577</b>
<b>09. Other Income</b>		
Dividend income	10,404	12,093
Profit on disposal fixed assets	-	20,000
Other income	577,636	769,325
	<b>588,040</b>	<b>801,418</b>
<b>10. Other expenses</b>		
Impairment of dealing securities	-	1,118,722
	-	1,118,722
<b>11. Profit from Operations</b>		
Profit from operations is stated after charging all the expenses including the following		
Depreciation	3,231,524	4,070,994
Amortization	2,544,171	3,024,682
Salary related expenses	16,372,236	21,393,210
EPF	3,459,909	6,421,427
ETF	693,412	1,282,235
Auditor's remuneration	305,000	342,219
Employee benefits	1,113,196	1,879,551
Legal expenses	6,211,793	10,218,608
Directors' remuneration	7,551,021	22,314,407
Impairment provision for trade receivable	-	1,714,352
Impairment of dealing securities	-	1,118,722

## Notes to the Financial Statements

For the	<b>9 Months ended 31st December 2016 Rs.</b>	Year ended 31st March 2016 Rs.
<b>12. Finance Income</b>		
Interest income from short term investments	13,245,831	8,092,144
Finance Income	<b>13,245,831</b>	<b>8,092,144</b>
<b>13. Income Tax Expense</b>		
Current taxation	16,431,774	27,157,308
Under/(Over) provision in respect of previous years (Reversal)/Origination of deferred tax (Note 18)	3,959,703 (253,668)	(17,669) 4,328,720
	<b>20,137,809</b>	<b>31,468,359</b>
<b>13.1 Reconciliation Between Accounting Profit to Income Tax Expense</b>		
Profit before tax	48,071,518	110,415,778
Exempt income	(10,404)	(12,093)
Disallowable expenses	15,110,996	10,456,733
Allowable expenses	(4,487,203)	(8,193,920)
Tax losses claimed during the year	-	(15,676,113)
<b>Total taxable income</b>	<b>58,684,907</b>	<b>96,990,385</b>
Income tax at 28%	16,431,774	27,157,308
	<b>16,431,774</b>	<b>27,157,308</b>
<b>13.2 Analysis of tax losses</b>		
Losses brought forward	-	15,676,113
Losses claimed during the year	-	(15,676,113)
<b>Losses carried forward</b>	<b>-</b>	<b>-</b>
<b>14. Earnings Per Share</b>		

The basic earning per share is computed based on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year as required by LKAS 33 "Earnings per share".

For the

**9 Months ended  
31st December  
2016  
Rs.**

**Year ended  
31st March  
2016  
Rs.**

Profit attributable to equity holders of the Company (Rs.)	27,933,709	78,947,419
Weighted average number of ordinary shares	122,131,415	122,131,415
Earnings per share (Rs.)	0.23	0.65

## 15. Property, Plant & Equipment

As at	Computer Equipment Rs.	Computer Servers Rs.	Furniture & Fittings Rs.	Moter Vehicle Rs.	Office Equipment Rs.	Total 31.12.2016 Rs.	Total 31.03.2016 Rs.
<b>Cost</b>							
Opening balance	12,197,713	41,426,759	962,827	4,000,000	2,140,570	60,727,869	59,953,894
Additions during the period/year	444,775	-	-	-	69,000	513,774	895,975
Disposals during the period/year	-	-	-	-	-	-	(122,000)
<b>Closing Balance</b>	12,642,488	41,426,759	962,827	4,000,000	2,209,570	61,241,643	60,727,869
<b>Accumulated Depreciation</b>							
Opening balance	11,849,891	31,179,400	882,996	1,345,753	1,529,966	46,788,006	42,839,012
Charge for the period/ year	265,280	2,015,398	24,932	602,740	323,174	3,231,524	4,070,994
Disposals during the period/year	-	-	-	-	-	-	(122,000)
<b>Closing Balance</b>	12,115,171	33,194,798	907,928	1,948,493	1,853,140	50,019,530	46,788,006
<b>Carrying Amount</b>							
<b>As at 31 December 2016</b>	527,317	8,231,961	54,899	2,051,507	356,430	11,222,113	-
As at 31 March 2016	347,822	10,247,359	79,831	2,654,247	610,604	-	13,939,863

### 15.1 Fully depreciated assets

Property, Plant and equipment includes fully depreciated assets which are still in use as at reporting date amount into Rs. 43,191,583/- (31.03.2016- Rs. 41,438,691/-).

## Notes to the Financial Statements

As at	31.12.2016 Rs.	31.03.2016 Rs.
<b>16. Intangible Assets</b>		
<b>Cost</b>		
Opening balance	20,549,477	17,580,865
Additions during the year/period	1,311,804	2,968,612
<b>Closing Balance</b>	<b>21,861,281</b>	<b>20,549,477</b>
<b>Accumulated amortization</b>		
Opening balance	14,680,765	11,656,083
Amortization for the year/period	2,544,171	3,024,682
<b>Closing Balance</b>	<b>17,224,936</b>	<b>14,680,765</b>
<b>Carrying amount</b>	<b>4,636,345</b>	<b>5,868,712</b>

Intangible assets consist of software licences and hospital net software used by the Company. eChannelling software was purchased in 2001 at Rs, 30,000,000/- has been fully amortised.

As at	31.12.2016 Rs.	31.03.2016 Rs.
<b>17. Employees' Share Ownership Trust Fund</b>		
Opening balance	-	1,160,000
Settled during the period/year	-	(1,160,000)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

The scheme was set up for the employees of the Company including any director holding a salaried employment or officer in the Company. Shares were to be allotted to participants only at the end of the vesting period unless the Board of Directors shall otherwise determine.

Based on the directors decision the shares in the fund have been fully sold on May 7th 2015 for to a value of Rs 11,311,310 and the expenses incurred amounted to Rs 312,990 for legal and brokerage fees. Outstanding balance payable to employees are disclosed under other payables in Note no 26.

As at	31.12.2016 Rs.	31.03.2016 Rs.
<b>18. Deferred Tax Liabilities</b>		
Opening balance	586,293	(3,676,331)
Origination/(Reversal)of timing differences – recognised in profit or loss	(253,668)	4,328,720
Origination/(Reversal) of timing differences – recognised in other comprehensive income	435,030	(66,096)
	<b>767,656</b>	<b>586,293</b>
<b>Deferred tax liabilities / (assets) have derived as follows;</b>		
Temporary difference from property, plant & equipment	1,906,796	1,848,769
Temporary difference from employee benefits	(1,139,140)	(1,262,476)
	<b>767,656</b>	<b>586,293</b>
Tax at	28%	28%
<b>19. Inventories</b>		
Member cards	382,288	410,234
<b>Closing Balance</b>	<b>382,288</b>	<b>410,234</b>
<b>20. Trade &amp; other receivables</b>		
Trade receivable	35,030,617	43,240,874
Provision for impairment of trade receivable (Note 20.1)	(2,104,352)	(2,816,432)
	<b>32,926,265</b>	<b>40,424,442</b>
Advance, prepayments and other receivables (Note 20.2)	4,556,892	3,209,991
WHT and tax receivable	1,713,665	1,210,441
	<b>39,196,822</b>	<b>44,844,874</b>
<b>20.1 Provision for impairment of trade receivable</b>		
Opening Balance	(2,816,352)	(1,199,080)
During the period/year provision	-	(1,714,352)
Written off during the period/year	712,000	97,080
Closing balance	<b>(2,104,352)</b>	<b>(2,816,352)</b>

## Notes to the Financial Statements

As at	31.12.2016 Rs.	31.03.2016 Rs.
<b>20.2 Advance, prepayments and other receivables</b>		
Advance, prepayments and other receivables	7,121,892	5,774,991
Provision for impairment	(2,565,000)	(2,565,000)
Balance as at the end of the year/period	4,556,892	3,209,991
<b>21. Short term investments</b>		
Investment in fixed deposits	170,342,338	148,711,328
Interest receivable	1,870,930	2,338,885
	172,213,268	151,050,213

### 22. Dealing securities

Name of the Company	31 December 2016			31 March 2016		
	No. of shares	Cost (Rs.)	Market value (Rs.)	No. of shares	Cost (Rs.)	Market value (Rs.)
Citrus Leisure PLC	31,199	944,741	296,391	31,199	944,741	209,033
Taj Lanka Hotels PLC	10,000	606,702	252,000	10,000	606,702	234,000
Blue Diamonds Jewellery Worldwide PLC	700	2,372	1,050	700	2,372	700
Serendib Hotels PLC (Voting)	7	162	168	7	162	193
Serendib Hotels PLC (Non Voting)	93	1,628	2,093	93	1,628	1,628
York Arcade Holdings PLC	100	3,847	1,430	100	3,847	1,300
Lanka Century Investment PLC	100	7,100	1,180	100	7,100	1,000
Nations Trust Bank PLC	100	8,100	8,090	100	8,100	7,420
Seylan Bank PLC (Non Voting)	100	7,500	5,900	100	7,500	6,300
Kalamazoo Systems Ltd	11	11,396	8,853	11	11,396	28,601
Lankem Developments Ltd	100	58.90	390	100	58.90	400
Citrus Beach Resort Limited	20	20	258	20	20	266
Lake House Priters and Publishers PLC	10,697	1,093,983	1,390,610	10,697	1,093,983	1,195,925
		2,687,611	1,968,412		2,687,611	1,686,765

As at	31.12.2016 Rs.	31.03.2016 Rs.
<b>23. Cash &amp; Cash Equivalents</b>		
Cash at bank	13,220,476	26,050,672
Cash in hand	45,943	25,201
<b>Cash and cash equivalents for the purpose of statement of cashflows</b>	<b>13,266,419</b>	<b>26,075,873</b>
<b>24. Stated Capital</b>		
Issued and fully paid 122,131,415 shares	93,758,316	93,758,316
	<b>93,758,316</b>	<b>93,758,316</b>
<b>25. Employee Benefits</b>		
Opening balance	4,508,844	3,413,692
Provision for the year (Note 25.1 & 25.2)	(440,484)	1,643,494
	<b>4,068,360</b>	<b>5,057,186</b>
Payments during the year	-	(548,342)
<b>Closing Balance</b>	<b>4,068,360</b>	<b>4,508,844</b>
<b>25.1 The amount recognized in the statement of profit or loss as follows;</b>		
Current service cost	780,146	1,625,596
Interest cost	333,050	253,955
<b>25.2 The amount recognized in the statement of other comprehensive income as follows;</b>		
Acturial Gain	(1,553,680)	(236,057)
	<b>(440,484)</b>	<b>1,643,494</b>

## Notes to the Financial Statements

As at	31.12.2016	31.03.2016
	Rs.	Rs.
<b>25.3 The employee benefit obligation is calculated based on an internally developed method.</b>		
Principal assumptions used are as follows;		
Rate of discount	10%	10%
Rate of salary increment	9%	9%
Retirement age	55	55
<b>25.4 Sensitivity of assumptions used</b>		
If one percentage point change in the assumed discount rate would have the following effects:		
Increase by one percentage	(112,369)	(109,065)
Decrease by one percentage	84,845	112,804
If one percentage point change in the assumed annual average salary increment rate would have the following effects:		
Increase by one percentage	84,846	112,804
Decrease by one percentage	(83,871)	(111,050)
<b>26. Trade &amp; Other Payables</b>		
Trade payables	23,828,505	23,206,044
Payables to employees- ESOT	2,417,408	10,824,900
Accrued expenses	12,355,463	14,204,594
	<b>38,601,376</b>	<b>48,235,538</b>

### 27. Related Party Disclosure

Company carried out transactions in the ordinary course of business with parties who are defined as related parties as per LKAS 24 "Related Party Disclosure".

### 27.1 Parent and Ultimate Controlling Party

Mobitel (Pvt) Ltd has acquired ownership of 87.59 % of eChannelling plc on 5th September 2016 . Accordingly Mobitel (Pvt) Ltd is the Parent Company of eChannelling. Srilanka Telecom PLC is the ultimate Parent.

The amounts receivable from or payable to related parties as at 31st December 2016, are disclosed below,

As at	31.12.2016	31.03.2016
	Rs.	Rs.
<b>27.2 Amounts due from related parties</b>		
Mobitel (Pvt) Ltd	12,344,013	-
	12,344,013	-
<b>27.3 Amounts due to related parties</b>		
Sri Lanka Telecom PLC	86,512	-
	86,512	-

**27.4 Transactions with related entities**

Name of the Related Party	Relationship	Nature of Transaction	30-09-2016
			to 31-12- 2016
			Transaction
			Amount Rs.
Sri Lanka Telecom PLC	Ultimate parent	IDC Payments	1,154,810
Mobitel (Pvt) Ltd	Immediate parent	Mobile charges	103,308
		SMS charges	410,240
		Call Charges income	309,690

**27.5 Transactions with Government of Sri Lanka (GOSL) and its Related entities**

Entity related to the Government of Sri Lanka (GOSL) by virtue of its ultimate parents major shareholder is the Government of Sri Lanka (GOSL), which holds 49.5% of ownership of the Sri Lanka Telecom PLC.

During the year Company has carried out transactions with other Government related entities in the ordinary course of business.

However, there is no individually significant transactions with Government related entities.

## Notes to the Financial Statements

### 27.6 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosure, " Key Management Personnel " are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director( whether executive or otherwise) of that entity.

Accordingly the directors of the Company have been classified as KMP. The compensation paid to KMP as short term employment benefits is disclosed in Note 11 to the financial statements.

### 28. Financial Risk Management

#### Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit Risk
2. Liquidity Risk
3. Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for identifying, analyzing, evaluating and monitoring the risk and the management of Capital of the Company. Further quantitative disclosures are included throughout these financial statements.

#### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring risk management policies of the Company.

### 28.1. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under financial instruments or customer control leading to a financial loss.

#### 28.1.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

As at	31.12.2016 Rs.	31.03.2016 Rs.
Trade Receivables	35,030,617	43,240,874
Short Term Investments	172,213,268	151,050,213
Amount due from related parties	12,344,013	-
Cash at bank	13,220,476	26,050,672
	<b>232,808,374</b>	<b>220,341,759</b>

### 28.1.2 Management of Credit Risk

#### Trade & Other Receivables

The Company monitors the creditworthiness of all its customers prior to entering into credit terms and monitors the recoverability of its trade and other receivables on a regular basis.

The ageing of trade and other receivables at the reporting date that were impaired are as follows;

#### As at 31st December 2016 Age analysis of trade receivables

	Not Past Due	Less than 30 days	31 to 60 days	Past due but not impaired			Total
				61 to 90 days	More than 91 days	Impaired	
Trade receivables	-	33,011,590	18,653	-	2,000,374	(2,104,352)	32,926,265

#### As at 31st December 2016 Age analysis of trade receivables

	Not Past Due	Less than 30 days	31 to 60 days	Past due but not impaired			Total
				61 to 90 days	More than 91 days	Impaired	
Trade receivables	-	39,100,117	1,105,216	24,211	3,011,330	(2,816,432)	40,424,442

#### Short term investments

Company's short term investments are placed in the reputed financial institutions with good credit ratings in order to minimize the Company's Credit Risk.

## Notes to the Financial Statements

### Cash & Cash Equivalents

Company's deposits are placed in reputed financial institutions with good credit ratings in order to minimize the Company's Credit Risk.

### 28.2. Liquidity risk

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

#### 28.2.1 The maturity analysis of liabilities

As at	31 December 2016			31 March 2016		
	Contractual cash flows			Contractual cash flows		
	Carrying amount	6 months or less	6-12 months	Carrying amount	6 months or less	6-12 months
<b>Non derivative financial liabilities</b>						
Trade and other payables	38,601,376	36,522,971	2,078,405	48,235,538	46,137,619	2,097,918
Amount due to related parties	86,512	86,512	-	-	-	-
	<b>38,687,888</b>	<b>36,609,483</b>	<b>2,078,405</b>	<b>48,235,538</b>	<b>46,137,619</b>	<b>2,097,918</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly difference amounts.

**28.2.2** The Company's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### 28.3. Market Risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### 28.3.1. Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to charges in foreign exchange rates. However the Company is not exposed to currency risk since the Company operates only in Sri Lanka Rupees which is the Company's functional currency.

### 28.3.2. Interest Rate Risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Company does not have any floating rate borrowings nor any deposits which earn interest at floating rate. Therefore the interest rate risk to the Company is minimal.

### 28.4 Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

	Carrying amount				Fair value			
	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2016								
<b>Financial assets measured at fair value</b>								
Dealing securities	1,968,412	-	-	1,968,412	1,968,412	-	-	1,968,412
	1,968,412	-	-	1,968,412	1,968,412	-	-	1,968,412
<b>Financial assets not measured at fair value</b>								
Trade Receivables	-	35,030,617	-	35,030,617	-	-	-	-
Amount due from related parties	-	12,344,013	-	12,344,013	-	-	-	-
Short Term Investments	-	172,213,268	-	172,213,268	-	-	-	-
Cash and cash equivalents	-	13,266,419	-	13,266,419	-	-	-	-
	-	232,854,317	-	232,854,317	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	38,601,376	38,601,376	-	-	-	-
Amount due to related parties	-	-	86,512	86,512	-	-	-	-
	-	-	38,687,888	38,687,888	-	-	-	-

## Notes to the Financial Statements

As at 31 March 2016	Carrying amount				Fair value			
	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Dealing securities	1,686,765	-	-	1,686,765	1,686,765	-	-	1,686,765
	1,686,765	-	-	1,686,765	1,686,765	-	-	1,686,765
<b>Financial assets not measured at fair value</b>								
Trade Receivables	-	43,240,874	-	43,240,874	-	-	-	-
Short Term Investments	-	151,050,213	-	151,050,213	-	-	-	-
Cash and cash equivalents	-	26,075,873	-	26,075,873	-	-	-	-
	-	220,366,960	-	220,366,960	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	48,235,538	48,235,538	-	-	-	-
	-	-	48,235,538	48,235,538	-	-	-	-

The Company has not disclosed the fair values for financial instruments such as trade & other receivables, amounts due from/ to related parties, short term investments, trade & payables, since their carrying value are a reasonable approximation of fair values, due to shortterm maturity periods.

## 28.5 Financial assets by fair value hierarchy

Fair value of financial instruments are based on a fair value hierarchy which is defined below.

### Level 1

Inputs that are quoted market prices (unadjusted) in active market for identical instruments. The Company measures the fair value of an instrument using active quoted prices or dealer price quotations without any deductions for transaction cost. Market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions and arm's length basis.

### Level 2

Input other than quoted prices included within level one that are observable either directly or indirectly. This category includes instruments valued using ; quoted market prices in an active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or valuation techniques in which whole significant inputs are directly or indirectly observable from market data.

### Level 3

The input that are unobservable. This category included all the instruments for which valuation techniques includes input not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instrument's for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## 28.6 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights issue or buy back of shares.

## Notes to the Financial Statements

As at	<b>31-Dec-16</b>	<b>31-Mar-16</b>
	<b>Rs.</b>	<b>Rs.</b>
Total liabilities	49,749,156	67,730,016
Less : Cash and cash equivalents	13,266,419	26,075,873
Adjusted net debt	36,482,738	41,654,143
Total equity	205,480,524	176,146,518
Adjusted net debt to adjusted equity ratio	18%	24%

### 29. Events Occurring after the Reporting Date

There were no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

### 30. Capital Commitments and Contingencies

There were no material Capital Commitments or Contingent Liabilities as at the reporting date, which require disclosure in the Financial Statements.

### 31. Comparative Information

Comparative information has been reclassified where necessary to conform to current years presentation.

### 32. Directors Responsibilities

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

## Five Year Performance Summary @

For the year ended 31 March	2013	2014	2015	2016	2016 -Dec (9 Months)
<b>Revenue</b>	131,276,778	162,536,342	163,143,864	210,626,577	107,877,945
Administrative expenses	(72,515,843)	(60,365,063)	(62,011,082)	(102,574,926)	(64,079,199)
Profit from operating activities	59,644,180	100,746,533	99,513,279	102,323,634	34,825,687
Profit before taxation	64,370,802	111,170,354	103,137,548	110,415,778	48,071,518
Profit/(loss) for the year	80,437,139	90,254,674	63,811,398	78,947,419	27,933,709
<b>Total Assets</b>	315,458,801	200,005,842	176,666,927	243,876,534	255,229,680
	315,458,801	200,005,842	176,666,927	243,876,534	255,229,680
<b>Equity</b>	232,460,021	158,484,318	96,124,083	176,146,518	205,480,524
<b>Total Liabilities</b>	82,998,779	41,521,524	80,542,844	67,730,016	49,749,156
	315,458,801	200,005,843	176,666,928	243,876,534	255,229,680
<b>Other Information</b>					
<b>Earnings/ (Loss) Per Share (Rs.)</b>	0.66	0.74	0.52	0.65	0.23
<b>Market Price Per Share (Rs.)</b>	6.10	13.70	11.50	8.00	7.00
<b>Net Assets Per Share (Rs.)</b>	1.90	1.30	0.79	1.44	1.68
<b>Dividend Payout Ratio (Rs.)</b>	0.23	1.83	-	-	-
<b>Current Ratio (Times)</b>	1.62	0.85	1.93	3.58	5.32

## Shareholder Information @

### ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31.12.2016

Shareholdings	Resident			Non Resident			Total		
	Number of Share holders	No.of Shares	Percentage (%)	Number of Share holders	No.of Shares	Percentage (%)	Number of Share holders	No.of Shares	Percentage (%)
1 to 1,000 Shares	984	317,457	0.25	5	2,154	-	989	319,611	0.25
1,001 to 10,000 Shares	517	2,025,020	1.66	3	19,000	0.02	520	2,044,020	1.68
10,001 to 100,000 Shares	185	5,125,202	4.2	2	125,000	0.10	187	5,250,202	4.30
100,001 to 1,000,000 Shares	25	5,564,014	4.56	2	816,950	0.67	27	6,380,964	5.23
Over 1,000,000 Shares	2	108,136,618	88.54	0	0	0	2	108,136,618	88.54
	1,713	121,168,311	99.21	12	963,104	0.79	1,725	122,131,415	100

Categories of Shareholders	Number of Shareholders	Number of Shares
Individual	1,655	13,772,426
Institutional	70	108,358,989
	1,725	122,131,415

Issued share capital as at 31st December 2016	122,131,415
Less	
Parent Company	106,974,618
Subsidiaries of parent	-
Subsidiaries of Company	-
Directors shareholding	-
Spouses & children under 18 of Directors	-
CEO, spouse & children under 18	-
Over 10% holding	
Public holding	15,156,797
Public holding as at % of issued share capital	12.41%

### List of 20 Major Shareholders Based on their Shareholding

31 st December 2016			
No	Name of Shareholder	No of Shares	% Holding
01	Mobitel (Pvt) Ltd	106,974,618	87.59
02	Mr. G.C. Goonetilleke	1,162,000	0.95
03	Mr. P.Rathnayaka	840,000	0.69
04	EST.OF.LAT Perera (Deceased)	577,455	0.47
05	Mr. F.N. Herft	450,000	0.37
06	Mr. H.A.V. Starrex	372,580	0.31
07	Mr. D.Kotthoff	366,950	0.30
08	Dr. M.M. Rinoza	322,400	0.26
09	Mr. M.Fazal	300,055	0.25
10	Mr. M.A.B Morahela	292,300	0.24
11	Mr. A.H Munasinghe	277,031	0.23
12	Mr. Z.G Carimjee	231,933	0.19
13	Mr. D.K.A.K. Weeratunga	219,544	0.18
14	Mrs. T.R. Selvanayagam	196,800	0.16
15	Mr. D.P. Kumarasingha	174,989	0.14
16	Dasatha Investments Limited	163,331	0.13
17	Mr. B.M.G Rathnasiri	150,543	0.12
18	Pan Asia Banking Corporation PLC/ Mr.R.E. Rambukwelle	150,000	0.12
19	MBSL/HWR.S Jayawardena	144,597	0.12
20	Miss. W.J.M.I.T Perera	135,900	0.11

## Notice of Annual General Meeting @

### eChannelling PLC – PQ 205

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the eChannelling PLC will be held at Saffron Room of the Bandaranayake Memorial International Conference Hall (BMICH) Bauddhaloka Mawatha, Colombo 07 on 24th May 2017, at 2.00 p.m.

### AGENDA

1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Accounts for the period ended 31st December 2016, with the Report of the Auditors thereon.
2. To re-elect Mr. S.A. Hettiarachchi a Director who retires at the Annual General Meeting in terms of Article 86 and 87 of the Articles of Association of the Company.
3. To re-elect Mr. P.G. K. Sirisena Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.
4. To re-elect Mr. D.K.Senanayake Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.
5. To re-elect Mr. L.M.Paratz Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.
6. To re-elect Mr. N.T.M.Perera Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.
7. To re-elect Mr. K.G.D. Sudharshana Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.
8. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.
9. To authorize the Directors to determine contributions to charities for the year ending 31st December 2017.

BY ORDER OF THE BOARD OF DIRECTORS OF

### eChannelling PLC

S S P CORPORATE SERVICES (PRIVATE) LIMITED



Secretaries  
28th April 2017

### Note:

- (a) A member who is unable to attend and vote at the above mentioned meeting is entitled to appoint a Proxy to attend and vote in his or her place. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
- (b) The completed Form of Proxy should be deposited at the Registered Office of the Company, Suncity Towers, Mezzanine Floor, No.18, St. Anthony's Mawatha, Colombo 03 not later than 48 hours before the time appointed for the holding of the meeting.

# Form of Proxy @

I/We .....(NIC No.....of .....being a member/s of the above Company, hereby  
appoint.....(NIC No.....of .....or failing him.

Mr. Pallewatta Gamaralalage Kumarasinghe Sirisena  
Mr. Sampath Arunapriya Hettiarachchi  
Mr. Dallas Joshua Stephen  
Mr. Dumidu Kanishka Senanayake  
Mr. Lawrence Michael Paratz  
Mr. Nalin Tyrone Marcilan Perera  
Mr. Kapugama Geeganage Dayaneth Sudharshana

of Colombo of failing him  
of Nugegoda or failing him  
of Dehiwala or failing him  
of Colombo or failing him  
of Colombo or failing him  
of Colombo or failing him  
of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on 24th May 2017 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

	For	Against
1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Accounts for the period ended 31st December 2016, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. S.A. Hettiarachchi a Director who retires at the Annual General Meeting in terms of Article 86 and 87 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. P.G. K. Sirisena Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. D.K. Senanayake Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. L.M. Paratz Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. N.T.M. Perera Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr. K.G.D. Sudharshana Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorize the Directors to determine contributions to charities for the year ending 31st December 2017.	<input type="checkbox"/>	<input type="checkbox"/>

## Form of Proxy

Signed this ..... day of ..... Two Thousand and Seventeen.

Signature: .....

**Note:** Please delete the inappropriate words.

1. Instructions for completion of form of proxy are noted on the reverse.
2. A proxy need not be a member of the Company.
3. Please mark "X" in appropriate cages, to indicate your instructions as to voting.

### INSTRUCTIONS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a "X" in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at Suncity Towers, Mezzanine Floor, No.18, St. Anthony's Mawatha, Colombo 03, at least 48 hours before the time appointed for holding of the Meeting.
4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

**Note:**

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to Corporate Shareholders of eChannelling PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this act or not, may where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an individual shareholder.

# Corporate Information

## **Name of the Company**

eChannelling PLC

## **Legal Form**

Quoted Public Limited Company incorporated in Sri Lanka in 2000.

Ordinary shares of the company is listed on the Diri Savi Board of the Colombo Stock Exchange.

## **Company Registration Number**

PQ 205

## **Board of Directors**

Mr. P.G.K.Sirisena - *Chairman*

Mr. N.T.M. Perera

Mr. L.M. Paratz

Mr. D.K. Senanayake

Mr. D.J. Stephen

Mr. S.A. Hettiarachchi

Mr. K.G.D. Sudharshana

## **Secretaries of the Company**

S.S.P. Corporate Services (Private) Limited

No: 101, Inner Flower Road, Colombo 03.

Tel. 2573894/ 2576871

Contact person: Mr. Lalindra Abeysekera

## **Auditors**

KPMG

Chartered Accountants,

No: 32A, Sir Mohamed Macan Marker Mawatha, P.O. Box 186, Colombo 03.

## **Lawyer(s)**

D. L. & F. De Saram

No: 47, Alexandra Place, Colombo 07.

## **Bankers**

Sampath Bank PLC

Nations Trust Bank PLC

People's Bank

Commercial Bank of Ceylon PLC

Seylan Bank PLC

National Development Bank

Amana Bank PLC

DFCC Bank

## **Registered Office of the company**

Suncity Towers, Mezzanine Floor,

No 18, St Anthony's Mawatha,

Colombo 03.

## **Contact Details**

Telephone No: (+94 11) 7 600500

Fax No: (+94 11) 2 370979

Website: [www.echannelling.com](http://www.echannelling.com)

E-mail: [info@echannelling.com](mailto:info@echannelling.com)



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