

A background network diagram consisting of numerous dark blue circular nodes of varying sizes connected by thin, light gray lines. Some nodes are highlighted with concentric circles, suggesting a central or significant node in the network.

The Healthcare Platform of Choice



Annual Report 2020

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The Platform of Choice

Health and wellness took centerstage in 2020. In this scenario we rose to the occasion with agility and speed by introducing a range of services built on a strong platform. Strengthening our presence through collaborative partnerships we were able to widen our offering and reach, creating a greater impact whilst elevating ourselves to be the platform of choice . Bolstered by the strength of our success we are optimistic and confident to reach out to greater heights guiding the nation towards digitalised healthcare.

Our Vision

To deliver the most sought after information infrastructure for the healthcare industry

Our Mission

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

Doctor Channeling System Mission

Better medical environment to users through doctor channeling business.

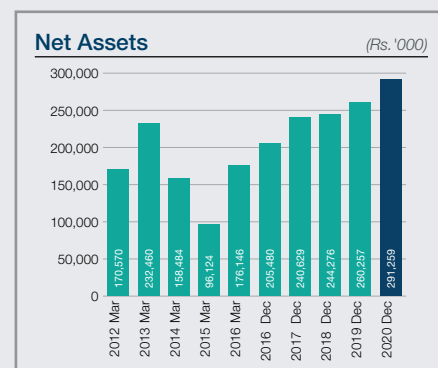
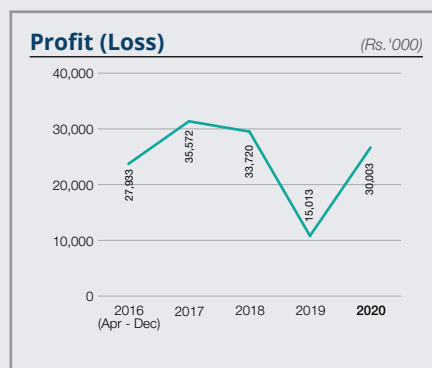
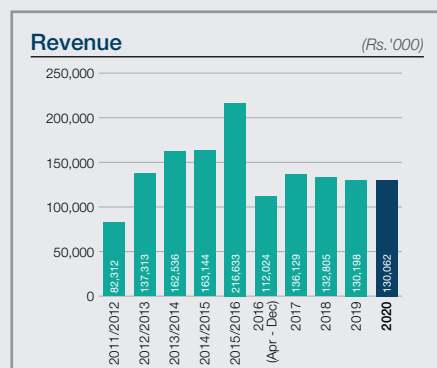
Healthcare Card Business Mission

Better access to healthcare services through Healthcare card



Financial Highlights

	Year ended 31st December 2020 Rs.	Year ended 31st December 2019 Rs.
Revenue	130,061,513	130,197,702
Profit from operations	23,012,013	1,630,911
Profit before income tax expense	40,142,538	22,440,862
Profit for the year	30,002,621	15,012,834
Total Assets	392,240,694	349,287,510
Net Assets	291,259,261	260,256,544
Net Assets Value Per Share	2.38	2.13
Earning Per Share (EPS)	0.25	0.12
Return on Investmny (ROI)	10.29	5.77
Gross Profit Ratio	80.9%	79.4%



Return on Investment (ROI)

10.29%



Total Assets

392.24Mn



Short Term Investments

232Mn

Chairman's Message



The company achieved tremendous 100% growth amounting to Rs. 30 million in 2020 compared to Rs. 15 million earned in 2019.

”

Dear Shareholders,

The year 2020 was an unprecedented year for all of us. We experienced a pandemic which many of us have never faced before. This caused many upheavals and the need to make sudden changes in how we live and how businesses operate. While we are still in the midst of the COVID-19 pandemic, we have now learned to cope and geared ourselves to the 'new normal'.

The year 2020 while being challenging, demonstrated the reality of the foresight on which eChannelling PLC's business concept has been developed as a Company dedicated to automating patient appointments and offering other digitalised healthcare-related services. In the year under review, the Nation benefited from our services, and the Company too thrived amidst the many changes and trials faced. Thus, it is my pleasure to present to you the eChannelling PLC annual report for 2020, which highlights the Company's success propelled by the need of the hour and the dedication of our management and employees.

A Challenging Operating Environment

The arrival of the COVID-19 pandemic to Sri Lanka towards the end of the first quarter of 2020 caused much impact on the economic and business activity as the government imposed a curfew in the Country and shutdown our airport as a measure to control the spread of the virus and safeguard people's health. This sudden stop in normal economic operations caused both immediate and longer-term impacts on the Sri Lankan economy with the GDP growth forecasted to contract by 4.6% in 2020 compared to 2.3% growth achieved in 2019. This decrease was expected with the negative growth of GDP experienced in the first two quarters of the year mainly due to the decline in economic and business activity, a direct result of the COVID-19 pandemic.

As people were confined to their homes, business activities were also negatively impacted. Many small and medium-sized businesses were closed for an extended period, while those categorised as essential services continued to operate but with strict adherence to government health guidelines. This necessitated restructuring business operations and activities as quickly as possible to adapt to social distancing and minimal human contact mandates; and changing the way in which goods and services were bought, sold, and paid for.

Remaining Steadfast in Turbulent Times

As eChannelling offers healthcare affiliated services, the Company's services were demanded even during the curfew and lockdown periods as people had to visit doctors for medical treatments. As the Company's services are offered through a digitalised platform, we were in an advantageous position to continue offering uninterrupted services to our customers

who demanded increased access to remote appointment facilities and other methods such as telemedicine to consult their general practitioners (GPs) and other specialist doctors. Thus, the Company's plans to pursue increased market share by extending our services to myriad healthcare service facilities across Sri Lanka continued at a faster pace in light of the need to safeguard patients while meeting their new needs.

Building on our expertise, the Company successfully value-added to our existing service offering by expanding services to additional towns and cities by onboarding new hospitals, clinics, and other medical facilities to offer automated doctor appointment services. We also partnered with pharmacies to deliver prescribed medication in rural and lesser populated cities and towns across the country.

The Company also further expanded our product offering of doctor video conferencing facilities by onboarding more hospitals and doctors so that people could consult their medical practitioner from the safety and comfort of their homes. We focused on the B2B aspect where patients could make such appointments with hospitals using the eChannelling services while the backend and appointment management was handled by the Company.

For the continued safety and health of customers, and their added convenience, the Company entered into new partnerships with alternate lifestyle App providers to encourage online transactions. Thus, eChannelling entered into new partnerships with App operators such as FriMi Lifestyle, UPay, iPay, Onepay, ORELPAY to increase the choice of digital payment methods offered to our customers.

To address the dynamic changes required to operate in a COVID-19 infected environment, eChannelling developed COVID-19 specific services which ensured that our customers remained safe at all times while our service provider partners were able to increase the precautionary measures while serving their customers. The first of these was the COVID-19 information gathering system, where any person visiting a hospital could fill in an e-form to obtain clearance to enter the hospital once an appointment was made using the eChannelling appointment system. To support mobile laboratory testing services, eChannelling partnered with Hemas Hospitals by offering backend infrastructure requirements for making appointments as well as for uploading prescriptions. The Company also launched the PCR test reservations module within the eChannelling system for people to make an appointment for a drive-through PCR test at select hospitals. The Company's queueing (running numbers) system was also adapted to help hospitals control crowds and implement social distancing requirements.

While continuing business operations and extending continued services to customers, the Company ensured that employees also remained safe and healthy during this time. Thus, the Company quickly implement remote working facilities for employees to work from home to adhere to government mandates to reduce the spread of the infection. As the business is developed on a digital framework and with the assistance from our parent company, eChannelling was able to provide relevant access and other requisite facilities for all employees to work effectively from the safety of their homes when the country went into lockdown in mid-March 2020.

Chairman's Message

A critical development in 2020 was the partnership with the Department of Motor Vehicles of Sri Lanka to offer the facility to make appointments with necessary medical care facilities for the mandatory medical test to obtain new driving licences and renew existing licences. This extension of our services further strengthens the Company's revenue streams.

Details are further given in the Capital review sections in this Annual report.

Financial Success Amidst Uncertainty

Despite the many uncertainties which remained throughout 2020, the unique position of eChannelling PLC's service offering helped us to pursue our strategic goals to successful completion. From a financial perspective, the year under review proved a great success, demonstrating the inherent potential for future exponential growth as people adapt to new ways of obtaining healthcare services.

The Company's continued focus on delivering automated healthcare services helped us to face the challenges of the COVID-19 pandemic and still deliver a strong balance sheet and acceptable income statement. Despite the lockdowns forcing people to reduce visits to the hospital except for critical care purposes, and the mandatory social distancing measures and the requirement to wear facemasks resulting in a reduction in the spread of common illnesses such as

influenza requiring lesser doctor visits, the Company managed to successfully maintain revenue at similar levels as earned in 2019.

From a profitability perspective, the Company achieved tremendous 100% growth amounting to Rs. 30 million in 2020 compared to Rs. 15 million earned in 2019. Strategic shifts to consolidating services and proactively develop new revenue streams with the timely deployment of new service/product offerings are the main contributors to creating financial value for the Company in a year which was inundated with many challenges and changes to how healthcare services were demanded and offered.

Committed to Sustainability and Sustainable Business Practices

The Company continues our efforts to report on a performance showcasing our value creation for stakeholders. This is our third Annual Report using the Integrated Reporting (IR) Framework developed by the International Integrated Reporting Council (IIRC). We also continue our efforts to increase disclosures from a sustainability perspective applying the standards developed by the Global Reporting Initiative (GRI) as the basis for our efforts. Furthermore, many of the Company's services and initiatives support and contribute towards the achievement of the UN's Sustainable Development Goals (SDGs), details of which are included on page 46 of this annual report.

Remaining Committed to the Wider Community

The Company continues to remain committed to promoting healthy and safe lifestyles across the nation's people. As such, we organised two healthcare camps in the first quarter of 2020 for free healthcare check-ups in partnership with the Sethsevana Hospital in Kurunegala and the Moratuwa branch of Durdans Hospital. Our social media campaigns on medical health and general wellness awareness continued throughout the year, with a greater focus on COVID-19 related facts and safety tips. To ensure the messages of safety and health regarding COVID-19 reached and remain a priority amongst the public, we also produced a range of marketing materials which were put up in hospitals across the island when the lockdowns eased, and people started re-visiting hospitals.

The Company also provided mobile phone charging units in select hospitals for patients and those accompanying them to use free of charge.

Awards and Recognitions

Recognition from external sources continues to increase the confidence with which the Company moves forward. For the third consecutive year, the Sri Lanka Institute of Marketing (SLIM) honoured eChannelling PLC by recognising the Company as one of the top three Online Brands for 2020. The Company also successfully renewed the ISO 9001:2015 certification in November 2020 for another three years.

The Future Path

While the healthcare industry has been rapidly transforming over the last few years, especially globally, due to the increased use of technology and consumers' adaptation of digital platforms to carry on every day and other traditional tasks, Sri Lanka's healthcare industry has been slow to adapt to these changes. However, the year under review showed the importance of moving away from the traditional and doing things differently supported by technology.

I am happy to note that eChannelling PLC has been on the right path over the years; and is now on a rapid transformation to becoming a total digital healthcare services provider in the medium to long terms. The Company's focus on offering a range of automated and digitalised services for the healthcare industry of Sri Lanka has proved to be rewarding not only for our shareholders but also the nation's people who have access to the type of services which they now demand. This focus will continue as we embark on new services and products to further the reach of digitalised healthcare across Sri Lanka.

The first step of venturing into diversifying our services and developing partnerships to help propel the Company to a stronger digital platform was successfully taken in 2020. This strategy will continue in the coming year and we will persist in driving change in the niche market within which we operate. We also foresee increasing adoption of digitalisation for obtaining healthcare services and the increased demand for more sophisticated digitalised

healthcare facilities in the longer-term is expected. Thus, the Company will continue with the trend for making strategic investments which not only support the effort to fulfil our vision of "delivering the most sought-after information infrastructure for the healthcare industry", but also help us transform the way in which several critical elements of the healthcare industry such as making appointments, obtaining medical diagnosis, and purchasing medication currently operate.

In the short to medium terms, while the COVID-19 pandemic prevails, we foresee greater demand for our existing services both from healthcare service providers willing to change traditional operational methods to remain viable and consumers who become more adept at using technology for their daily needs including their healthcare requirements. When people get familiarised with this new normal, we expect them to continue to demand these services indefinitely in the longer term.

We are well-placed to meet the emerging needs, and plans are underway to meet new opportunities to proactively offer value-added services for the convenience of patients and the needs of healthcare service operators. However, changing demand and supply patterns within Sri Lanka's healthcare industry and changing consumer trends will have to be closely monitored for eChannelling to remain viable and sustainable in the future by offering services and products which are in-demand.

Appreciations and Acknowledgements

I would like to take this opportunity to first thank the management and staff for your dedication to the Company in a turbulent year. I am thankful for the support given to me by the Board of Directors to drive strategies and make the most of emerging opportunities. A special thank you to our parent company, Mobitel (Pvt) Ltd, for access to their systems and expertise as well as the strong support offered during the year under review. My heartfelt appreciation to our business partners for your commitment towards the Company and the trust placed on the services we offer. I also acknowledge our customers for being forward-thinking and embracing new ways to visit your doctor. Let me also take this opportunity to thank the Government Authorities and the healthcare and telecommunication regulatory authorities for their support and guidance in a year where change was the norm and adaptation was a necessity for survival.



Mr. Rohan Fernando
Chairman

Board of Directors



Mr. Rohan Fernando
Chairman
Non Independent
Non Executive Director



Mr. Lalith Seneviratne
Non Independent
Non Executive Director



Mr. Lawrence M Paratz
Non Independent
Non Executive Director



Mr. Sudharshana Geeganage
Non Independent
Non Executive Director



Mr. Sampath A Hettiarachchi
Independent Non Executive Director



Mr. Dallas J Stephen
Independent Non Executive Director

Mr. Rohan Fernando*Chairman**Non Independent Non Executive Director*

Mr. Rohan Fernando was appointed as Non Independent Non Executive Director/Chairman of the Company on 7th February 2020. He also serves as Director/Chairman of Sri Lanka Telecom PLC, Mobitel (Private) Limited, SLT Digital Info Services (Private) Limited, SLT Visioncom (Private) Limited, SLT Human Capital Solutions (Private) Limited, Sky Network (Private) Limited, SLT Property Management (Private) Limited, Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Limited, Mobit Technologies (Pvt) Ltd. and Director of Galle Submarine Cable Depot (Private) Limited.

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

In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings bv and expanded the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages & HVA Holdings. He functioned as the Chairman and CEO of the HVA Group as well as HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP. Currently he serves on the board

of HVA Foods PLC as its Founder-Adviser. He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016. He is also an Independent, Non-Executive Director of Ceylinco Insurance (General) Ltd.

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

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

Mr. Lalith Seneviratne*Non Independent Non Executive Director*

Mr. Lalith Seneviratne, was appointed to the Board as a Non Independent Non – Executive Director on 7th February 2020. He serves on the Boards of Sri Lanka Telecom PLC,

Mobitel (Pvt) Ltd. Sri Lanka Telecom (Services) Ltd. SLT Digital Info Services (Pvt) Ltd., SLT Visioncom (Pvt) Ltd. and Mobit Technologies (Pvt) Ltd.

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

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

In 1990, Mr Seneviratne accepted a position with Motorola Corporation and moved to Singapore on a regional role. During this period he developed Motorola's relationship with SLT that enabled SLT to provide telephone service to remote areas including restoring telephone service to Jaffna in 1996.

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

Board of Directors

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

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

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

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

Mr. Lawrence M Paratz

Non Independent Non Executive Director

Mr. Lawrence Paratz was appointed to the Board of e-Channelling PLC as a Non-Independent Non-Executive Director with effect from 20th September 2016. He serves on the Boards of Sri Lanka Telecom PLC, Mobitel (Pvt) Ltd, SLT Property Management (Pvt) Ltd., SLT Campus (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd, SLT Visioncom (Pvt)

Ltd, Mobit Technologies (Pvt) Ltd. and SLT Digital Info Services (Pvt) Ltd.

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

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

Mr. Paratz has more than 40 years experience in all facets of the telecommunication including mobile, fixed, broadband, satellite and international networks both domestic and international. This includes capital and infrastructure development, operations, sales, customer service and regulatory issues. As a Director and Chief Executive of Acacia Australia Pty Ltd, he was responsible for development of an integrated proposal for delivery of national broadband communication for Australia.

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

He is an Advisor to major companies in the Australian Telecommunication market.

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

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

Mr. Sudharshana Geeganage

Non Independent Non Executive Director

Mr. Geeganage was appointed as a Non-Independent Non-Executive Director of the Board of eChannelling PLC on 6th April 2017. He is a member of the Audit Committee and Related Party Transaction Review Committee. He is a leading and respected professional in Sri Lanka with a combination of qualifications and experience spanning disciplines of Engineering, Finance and Management. An Engineering Graduate from the University of Moratuwa and a Post Graduate in Economics from the University of Colombo, he is a Fellow of the Chartered Institute of Management Accountants (FCMA), UK, Chartered Global Management Accountant (CGMA) and Chartered Financial Analyst (CFA).

Mr. Geeganage counts over 25 years of corporate experience and possesses a unique blend of expertise spanning management consultancy, Investment & Development Banking Finance and Strategy. Two thirds of his professional career have been in the telecommunication sector. Having commenced his career at Messrs. Ernst & Young in management consultancy, Mr. Geeganage moved to Vanik Incorporation where he worked in Investment Banking and thereafter to National Development Bank (NDB) where he gained exposure to investment as well as development banking. At present Mr. Geeganage is the Chief Financial Officer at Mobitel (Private) Limited, a leading telecommunication provider in Sri Lanka, heading Finance and Corporate Strategy functions.

Mr. Sampath A Hettiarachchi

Independent Non Executive Director

Mr. Hettiarachchi was appointed as an Independent Non-Executive Director of the Board of eChannelling PLC on 1st May 2013. He is the Chairperson of the Audit Committee, Related Party Transaction Review Committee and Remuneration Committee. From 2008 to 2013, he was the Chief Financial Officer at Lanka Hospitals Corporation PLC. Mr. Hettiarachchi has over 26 years of managerial and leadership experience at leading corporate institutions in both service sector and manufacturing operations including Ansell Lanka Private Limited, Lanka Bell Ltd and the DCSL Group. Presently he holds directorships in a number of private entities. Mr. Hettiarachchi holds a Master of Business Administration from the Western Sydney University, Australia and is an Associate Member of

the Chartered Institute of Management Accountants, UK (ACMA) and a Chartered Global Management Accountant (CGMA).

Mr. Dallas J Stephen

Independent Non Executive Director

Mr. Joshua was appointed as an Independent Non-Executive Director of the Board of eChannelling PLC on the 26th September 2012. He is a member of the Audit Committee, Related Party Transaction Review Committee and Remuneration Committee. 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 (700) seven 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 and Head Hunting, with a corporate philosophy of 'Partnering Continuous Excellence' within their client organizations. His client organizations consist of some the prominent entities from diverse sectors, such as banking, fast moving consumer goods, Insurance, manufacturing, retail, technology, services Exports etc.

Stakeholder Interaction

Connecting with stakeholder is the highest priority for our organisation as it significantly impact all the business activities. Also the organization reputation depend on the stake's holder perceptions and the behavior, therefore their understanding, the changing behavior and different reactions of the perceptions will guide us to enable powerful business strategies and reach overall strategic goals during the year.

We believe that by approaching the stakeholder engagement effectively we can ensure organizational yearly goals, strategies and obtain more understanding the needs of the each stakeholder which

ultimately support our goals and objectives as well. Mainly we focus to build our relationships and balance all the stakeholder values every year. As we identified strong communication and engage actively will give more advantages and drive us to the key path. Due to the constant engagement approach, ensuring transparency and maintain responsive relationship enhance our service quality and organizational image.

Our organization operate in a platform where all our stakeholders engage with many different roles and we believe our strong stakeholder engagement will drive us for a better prepare our organization for

the future and adapt new technologies for more conveniences , drive innovations and improve our business model and strategic business goals.

Our Stakeholders are:

- ◆ Shareholders
- ◆ Employees
- ◆ Hospitals & healthcare organizations
- ◆ Customers
- ◆ Suppliers
- ◆ Government regulators
- ◆ Communities

Stake Holder Group	Engagement mechanism	Topics & Concerns
Shareholders	<ol style="list-style-type: none"> 1. Annual general meeting 2. Interim finance statements (Quarterly) 3. Annual report 4. Announcements made to the CSE (As and when required) 	<ul style="list-style-type: none"> ◆ Return on Investment (ROI) ◆ Sustainable growth ◆ Corporate governance & Risk Management ◆ New opportunities and outlook
Employees	<ol style="list-style-type: none"> 1. Performance appraisals (Annual) 2. Email communications/notices 3. Multi-level staff meetings as required 4. Work life balance 	<ul style="list-style-type: none"> ◆ Competitive levels of remunerations & Benefits ◆ Training & Development (Local/Overseas) ◆ Prospects for career progression ◆ Job security ◆ A conducive & ethical work environment ◆ Employee safety ◆ Employee health & well being

Stake Holder Group	Engagement mechanism	Topics & Concerns
Hospitals & Healthcare Organizations	<ol style="list-style-type: none"> 1. Provide channeling management system with its product features. 2. Enhance efficiency by providing the QUE management system. 3. Enhance effectiveness by providing the HIS (Hospital Information Systems) 4. Brand value enhance by value added services and promotional campaigns. 5. Modifications and product enhancements with new features for betterment. 6. Conduct programs and sponsorships for relevant categories 	<ul style="list-style-type: none"> ♦ Customer service ♦ Customer security and privacy ♦ Service quality ♦ Compliance handling ♦ Proved health related services ♦ Affordability of the service ♦ Enhance the conveniences ♦ Expand the service to cover urban and rural areas. ♦ Latest technology adaption. ♦ Good PR among the hospitals and health organizations. ♦ Customer base maintenance
Customers	<ol style="list-style-type: none"> 1. Our Website 2. By dialing 225 (24 hours) 3. By dialing 1225 from SLT 4. Through by App (Android and IOS) 5. Island wide agencies 6. Banking partners 7. Social media platform 8. Running number system for busy customers 9. Special promotions 10. Value added services 11. Compliance handling system 	<ul style="list-style-type: none"> ♦ Expand our services to reach maximum customers. ♦ Quality of the service ad priority given ♦ Access given to private hospitals for affordable rates (Colombo/suburb/outstation) ♦ Save customer's valuable time by providing value added services. ♦ Zero down time and bugs free software provider in healthcare. ♦ Attracting and retaining the customer base. ♦ Innovate new services and value added services to make sure customer experiencing a good service.
Suppliers	<ol style="list-style-type: none"> 1. Maintain healthy relationships 2. Growth Potential 3. Regular meetings for different requirements 4. Contract negotiations 5. Product quality management (Branding) 6. Contractual performance 	<ul style="list-style-type: none"> ♦ Fair and transparent quotation processes. ♦ Negotiate with suppliers with mutual understanding. ♦ Settling dues in timely manner ♦ Ease of working ♦ Maintain vender register

Stakeholder Interaction

Stake Holder Group	Engagement mechanism	Topics & Concerns
Government Regulators	<ol style="list-style-type: none"> 1. Actively participating on related meetings and forums. 2. Provide value added services to enhance government services. 3. Provided our software FOC basis with the request. 4. Submit data in timely manner as a support for National Researches. 5. Total liable taxation submitted on time. 	<ul style="list-style-type: none"> ◆ Compliance with laws and regulations ◆ Contribute to the development of healthcare regulation ◆ Check policies and procedures with relevant government sector before execute ◆ Healthy relationship with relevant departments.
Communities	<ol style="list-style-type: none"> 1. Conducting various medical campaigns. 2. Conducting awareness campaigns in Colombo and rural areas. 	<ul style="list-style-type: none"> ◆ CSR initiatives ◆ Commitment to community ◆ Caring and responsible health care service provider ◆ Following ethical business practices.

Reporting Cycle and Date of Most Recent Previous Report

The Annual Report 2020 of eChannelling PLC reports for the 12 months period from 1st January 2020 to 31st December 2020. This period is consistent with the Company's usual annual reporting cycle. The Company's most recent report was for the financial year 2019.

Reporting Framework

Integrated Reporting

- ◆ International Integrated Reporting (IIR) Framework issued by the International Integrated Reporting Council (IIRC) in December 2013
- ◆ A Preparer's Guide to Integrated Corporate Reporting' in year 2015 and relevant Supplement in year 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Sustainability Reporting

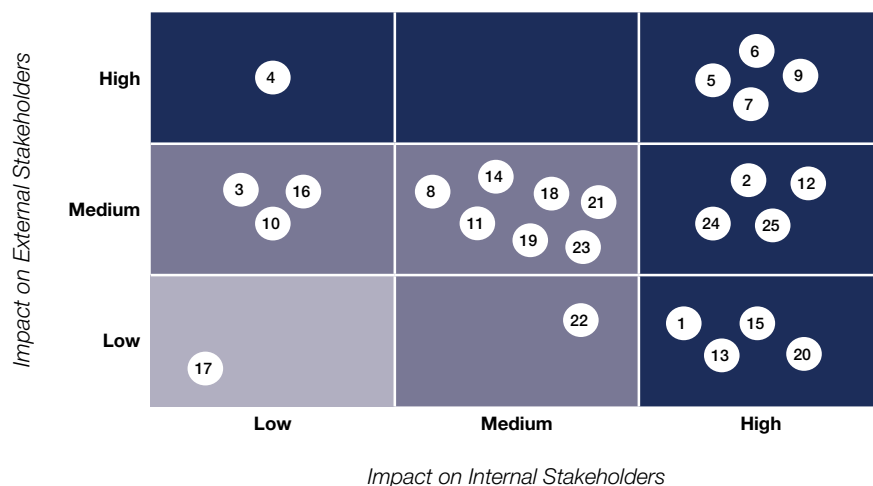
- ◆ GRI Sustainability Reporting Standards 2016 - Core option
- ◆ UNGC Principles and UN Sustainable Development Goals

The company has adopted GRI Sustainability Reporting Standards 2016 for the first time for Sustainability Reporting. However an independent assurance report has not been obtained due to the external limitations.

Material Matters

Material matters are those which substantially affect the Company value creation process in the short, medium and long-term and those likely to influence the decisions or behavior of either the Company or its stakeholders. Issues are ranked as being high, medium or low based on the level of impact the issue could have on our ability to create value and stakeholders' level of concern. Those deemed to be material are covered in detail in our integrated report while other matters are addressed through other platforms.

Stakeholder Relationship & Materiality



Material matter identification process of the Company.

Identify issue	Evaluating & Priorities	Respond and Monitor
<ul style="list-style-type: none"> ♦ Matters raised by stakeholders ♦ Continues monitoring of the external environment ♦ Business model and the risks associated with the same ♦ Internal deliberations/research 	<ul style="list-style-type: none"> ♦ Based on the level of stakeholder concern ♦ Impact on the Company's ability to create value 	<ul style="list-style-type: none"> ♦ Specific actions are decided on and monitored regularly

Material Matters

No	Material Matters	GRI Standard	Level of impact	
			To the Company	To the Stakeholder
1	Adopting New Technology	No GRI	High	Low
2	Anti-corruption	205	High	Medium
3	Child Labor	408	Low	Medium
4	Community Development	413	Low	High
5	Corporate Governance	102	High	High
6	Customer Privacy	418	High	High
7	Customer Satisfaction	416	High	High
8	Diversity and Equal Opportunity	405	Medium	Medium
9	Economic Performance	201	High	High
10	Effluents and Waste	306	Low	Medium
11	Emissions	305	Medium	Medium
12	Employee Health & Safety	403	High	Medium
13	Employee Training & Development	404	High	Low
14	Energy Consumption	302	Medium	Medium
15	Expertise Acquisition & Retention	401	High	Low
16	Forced or Compulsory Labor	409	Low	Medium
17	Human Rights	412	Low	Low
18	Indirect Economic Impacts	203	Medium	Medium
19	Materials	301	Medium	Medium
20	Marketing & Labeling	417	High	Low
21	Non-discrimination	406	Medium	Medium
22	Procurement Practices	204	Medium	Low
23	Public Policy	415	Medium	Medium
24	Regulatory Compliance	419	High	Medium
25	Risk Management	202	High	Medium



Management Discussion and Analysis

Financial Capital



Key Strategic Imperatives for Creating Financial Capital Value

- ♦ Increase Short-Term Investments
- ♦ Growth in Net Assets
- ♦ Returns to Shareholders

Our Approach to Financial Capital Management

Managing financial capital is a critical aspect for eChannelling PLC, as financial resources play multiple roles in ensuring the 'going concern' concept and the value creation process for shareholders. The Company's financial capital value originates from the use of financial assets and liabilities which are strategically arranged and used for sustainable business growth and prosperity.

As a responsible and ethical business entity, the Company follows transparent financial and accounting practices and annually reports on financial viability and progress using relevant and sound financial principles, accounting policies, and accounting standards. Furthermore,

as a listed corporate entity, the Company is compelled to adhere to the rules and regulations of the Securities and Exchange Commission and the Colombo Stock Exchange as pertaining to financial resource management. Adherence to these regulatory requirements ensures that we meet all necessary compliances and follow through on sound financial assurance systems.

The basis of the Company's financial resource management framework is built on a prudent approach which supports the management of multiple financial needs of the business aimed at creating value across the capitals and for shareholders while simultaneously growing the financial assets base and value of eChannelling PLC.

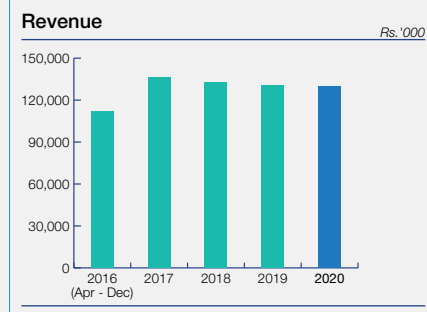
Performance of the Income Statement

Creating financial capital value in the year under review proved to be challenging due to the far-reaching impacts of the COVID-19 pandemic which disrupted normal economic activity and business operations in unexpected and unimagined ways. However, as the Company offers healthcare-related services and fell under the purview of 'an essential service', we still managed to maintain our performance in line with that of the previous year, although real growth was not as per expectations.

Revenue

The Company recorded a revenue of Rs. 130.06 million which was similar to the

revenue earned in 2019 of Rs. 130.19 million. The Company's focused efforts to bring new and relevant services such as PCR testing to patients; and promoting alternate healthcare options such as video/audio doctor consultations, mobile laboratory testing appointments, and online delivery of medication supported revenue earnings in a COVID-19 infected operating environment.



Operating Profit

The Company's operating profits increased by 1311% during the year under review as administrative costs reduced by 16% from Rs. 84.23 million in 2019 to Rs. 70.92 million in 2020 mainly due to the closure of the head office for most of the year with employees carrying out their jobs from their homes. The falling selling and distribution expenses from Rs. 18.05 million in 2019 to Rs. 12.3 million in 2020 due to reduced marketing, advertising, and promotional activities undertaken by the Company in light of the prevailing pandemic situation also contributed to the increase in operating profits. Thus, the Company's operating

profits recorded Rs. 23.01 million in 2020 compared to Rs. 1.63 million in 2019.

Profitability

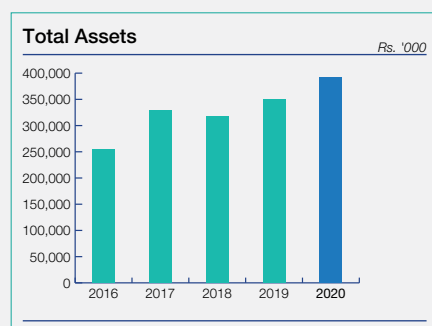
In terms of net profits earned for the year, the Company recorded a massive growth of 99.8% amounting to Rs. 30 million in 2020 compared to the Rs. 15.01 million earned in 2019. The increase in profitability is mainly attributed to the increased operating profits, while finance income which has been a key contributor to net profit earnings in the past reduced by 22% to Rs. 18.25 million in 2020 compared to Rs. 23.44 million recorded in 2019. The Rs. 5.2 million reduction in finance income is attributed to the Central Bank of Sri Lanka (CBSL)'s policy decision to reduce interest rates by unprecedented levels in 2020 to manage the impacts of the COVID-19 pandemic and support the flow of credit to the private sector.

Performance of the Balance Sheet

Growth in net assets and equity is a critical measure of financial success for the Company's aim for creating financial value for the business and shareholders. The year-on-year growth trend for the net assets of the Company continued in 2020 despite the challenges that prevailed in the operating environment due to the COVID-19 pandemic.

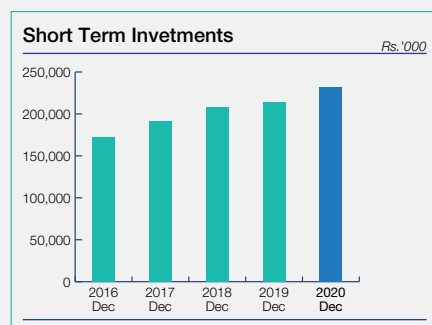
Total Assets

The Company achieved a total assets growth of 12% increasing by Rs. 43 million in 2020 compared to 2019. The year closed with the Company's total assets recording Rs. 392.24 million compared to Rs. 349.29 million recorded at 31st December 2019.



Short-Term Investments

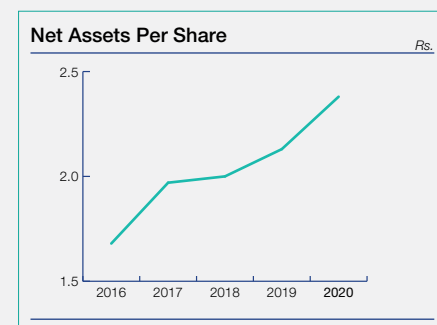
The Company's short-term investments grew by 8.2% to Rs. 232.1 million by the end of 2020 compared to Rs. 214.57 million recorded as at 31st December 2019. The Company's short-term investments mainly consist of investments in fixed deposits, a less risky investment yielding acceptable annual returns.



Total Equity

The Company's total equity recorded a growth of 11.91% recording Rs. 291.26 million in 2020 compared to Rs. 260.26 million as at 31st December 2019. The increase in retained earnings which is re-invested in the business, and the Company's strategic short-term investments continue to be the main contributors to this growth.

The Company's net assets per share ratio continued its upward momentum in the year under review growing by 12% compared to 2019.



Liquidity Position

The Company has continued to maintain the current ratio at similar levels over the last five years supporting our ability to meet short-term and long-term obligations to shareholders and other stakeholders in a timely manner. The current ratio as at 31st December 2020 was 4.33 compared to 4.57 at 31st December 2019.

The Company also continues to adhere to the policy of not obtaining in any borrowings thereby retaining the strength of its Balance Sheet and key ratios.

Intellectual Capital



Key Strategic Imperatives for Creating Intellectual Capital Value

- ♦ To sustain a brand which endorses ethical business operation and promote wellness for all across the nation
- ♦ To become the top-of-mind recall for digital and automated healthcare service in the country
- ♦ Knowledge enhancement to remain sustainable in an ever-changing technology oriented operating environment

Our Approach to Intellectual Capital Management

Intellectual Capital plays an important role in the Company's business operations, especially as much of the eChannelling PLC's operations are digitally driven with no physical product. Intellectual capital is comprised of the eChannelling corporate brand reputé in the industry and amongst the public, the knowledge and know-how

employees, organisational processes, and the totality knowledge contained within the Company. Creating value for intellectual capital is mainly through the adoption of the latest information technology to enhance process efficiency and offer greater convenience to customers, the promotional efforts using both digital and traditional marketing tools, and the conscientious and concentrated efforts to remain true to the eChannelling corporate culture by following ethical business practices, ensuring all employees adhere to the values of the Company.

The marketing, promotional, and sponsorship efforts of the Company also align with, indirectly contribute



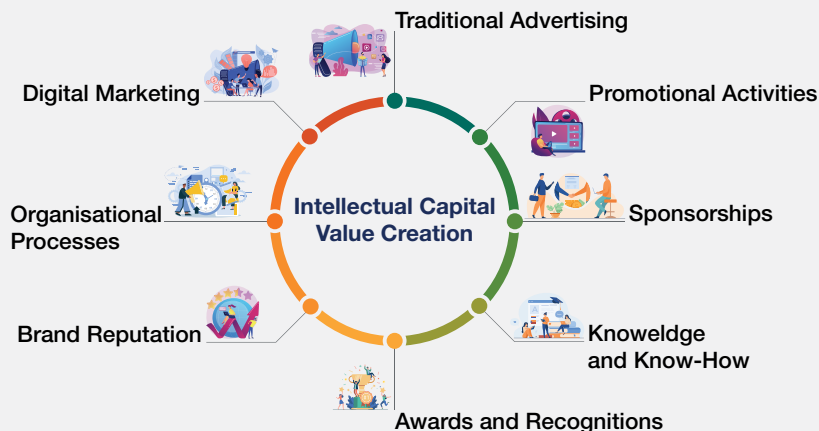
towards meeting the UN's Sustainable Development Goals (SDGs) - 'Good Health and Well-being'.

While the Company's intellectual capital value cannot be quantified separately, it is an integral part of the sustainable growth of the business and has a critical role of play in the successes achieved by the Company over the years.

Brand Reputation and Value Creation

The corporate name of eChannelling PLC is registered with the Registrar of Companies, while the logo and logo mark are trademarked and registered with the National Intellectual Property Office of Sri Lanka.

The Company's brand reputation is built as to how we conduct business operations and as



to how our employees and service partners interact with and serve our customers. The reliability and uninterrupted service availability also impact on the brand reputation while overall goodwill for the eChannelling brand is built through promotional activities, community engagement, and sponsorship. To ensure our stakeholders and the public remain updated on corporate development and service enhancement as well as pertinent information related to the Company and our services, both traditional and digital marketing are used to strategically communicate with various and wide audiences.

The Company considers the acceptance of our services by existing and new customers, as well as the increasing year-on-year customer base as verification of the high regard for the eChannelling brand and the trust placed in the Company by the Sri Lankan people.

Social Media Marketing

The increasing use of social media marketing by customers has over the last few years resulted in the Company's increase used of digital marketing to reach customers. Using popular platforms such as Facebook and Instagram, the Company is easily able to communicate with customers and the wider community, while also being visually present in people's daily lives. The Company uses these social media platforms for various types of communications including safety tips, new

Awards and Recognitions

A source of affirmation for the Company in our efforts to create intellectual capital value are the awards received from their parties in recognition of the eChannelling brand, services, or another key aspect of corporate operations. In 2020, the Company received the Bronze Award for the 'Online Brand of the Year – 2020' at the Sri Lanka Institute of Marketing Brand Excellence Awards. This achievement helps us to measure the success of the Company's brand-building activities and re-affirms our creation of intellectual capital value.



product/service offerings, health advisory notices, corporate developments, and promotions. The Company conducts social media campaigns in all three languages – English, Sinhala, and Tamil-

Social media marketing also proved a useful tool in 2020 to maintain constant communications with stakeholders by posting COVID-19 related updates, service operations messages, and new product development offered by eChannelling in time when most customers and the public moved to social media platforms to obtain current and up-to-date information and news during the lockdown period.



Intellectual Capital

The Company invested Rs. 4.6 million on digital marketing endeavours during the year ended 31st December 2020.

Use of Other Digital Communication Channels

The growing use of a wide range of digital communication methods has transformed the Company's digital presence as well. The eChannelling website provides company information and other developments to shareholders, business partners, suppliers, and customers. The website being a key platform where customers can obtain the Company's services, is used to highlight new service and product offerings as well as promotions offered by the Company. The eChannelling mobile app is another tool used for digital marketing efforts by the Company.

The Company also uses emails, SMS, and other internet and telecommunications applications and media to disseminate marketing materials and promotional campaigns to segmented target audiences and our customers.

Major Digital Campaigns in 2020

COVID-19 Awareness Campaigns

- ♦ **Goals :** Create greater awareness regarding the health and safety required, and the impact of the virus on the nation's population.
- ♦ In **collaboration** with WHO and the Health Promotion Bureau of Sri Lanka.



Motivational Quotes

- ♦ **Goals :** Brand reputation building and increasing stakeholder engagement.



Wellness Wednesdays

- ♦ **Goals :** Brand reputation building, increased customer engagement and creating awareness on how to maintain a healthy lifestyle and manage common illnesses.



eChannelling Services Awareness Campaigns

- ♦ **Goals :** To create greater engagement for eChannelling web and online platforms.



Intellectual Capital

Fact Friday Awareness

- ♦ **Goals :** Increased brand awareness and customer engagements while sharing important health-related information.



Question of the Week

- ♦ **Goals :** To disseminate information to the public by answering a health-related question.



Fact Friday Awareness

- ♦ **Goals :** Increased brand awareness and customer engagements while sharing important health-related information.



Traditional Marketing Endeavours

While traditional marketing may have declined somewhat in popularity, it remains a useful tool to promote the Company's brand and services, especially in the case of niche and specialist target markets and locations as well as rural communities with limited internet connectivity. Thus, the Company continues to successfully use above-the-line (ATL) and below-the-line (BTL) forms of traditional advertising and marketing methods to spread healthcare-related messages and reach target audiences. Some of these methods include branding lifts, wall light panels, and doctor boards in prominent hospitals, and placing x-stands and table banners which offer good health advice or create awareness of prevalent ailments of the country's population.

During 2020, traditional BTL marketing was used to spread information and awareness on the COVID-19 pandemic. The Company supplied hospitals with point-of-sale marketing materials such as leaflets, banners, tabletop notices, stickers, etc. Besides, hoardings and other forms of outdoor marketing techniques were used to inform the public about good safety and health practice to adopt during the pandemic. The Company also continued with the planned newspaper advertisement during the year under review.

All marketing promotions are conducted in all three languages to reach across ethnicities residing in the country. The total investment in traditional ATL and BTL advertising and marketing endeavours amounted to Rs. 7.7 million during the year ended 31st December 2020.

The Company ensures that all digital and traditional marketing communication activities are aligned to the rules and regulations for safe and trustworthy advertisements and marketing practices as advocated by the relevant Sri Lankan authorities. Best practices related to the industry and the expectations by stakeholders are also considered when launching marketing campaigns. Furthermore, the Company strictly follows a policy of confidentiality of information of patients and doctors.

There were no instances of non-compliance of any product/ service labelling or marketing communication regulations or laws.



Intellectual Capital

Promotional Activities

Promotions help the Company to build a loyal customer base by encouraging existing customers to use other services and increasing the public's awareness of the Company's services thereby encouraging new customers to try our services. It also creates intellectual capital value as people resultantly discuss the promotions offered which promoted the eChannelling brand.

During 2020, the Company offered a 10% discount on Kangaroo cabs for the second hospital visit when using the eChannelling automated doctor channelling facility.

Sponsorships

Sponsorships are used by the Company to help create awareness of the eChannelling brand and the range of services offered. Over the years, the Company has fully sponsored or co-sponsored health camps, health awareness campaigns, and other healthcare-related efforts aimed at increasing the safety and health of the country's populations. During the year under review, the Company sponsored two health camps in the first quarter of 2020, and also sponsored several awareness campaigns.

- ♦ Sponsored the creation and printing of leaflets for the National Program of Sahakampana as part of the National Drugs Awareness Programme.
- ♦ Sponsored the creation and printing of two banners for the National Program of Sahakampana as part of the National Drugs Awareness Programme.
- ♦ Sponsored the creation and printing of stickers for the Safe Sri Lanka of Sri Lanka Medical Association as part of Accident-free Sri Lanka .
- ♦ Sponsored the creation and printing of leaflets for Safe Sri Lanka of Sri Lanka Medical Institute



Organisational Processes

The organisation's processes create intellectual capital value by adding value to how our stakeholders interact with the Company. As a business operation which uses technology as an integral part of our service offering, the Company must ensure that such technology is current, updated, bug-free, secure, and easy to use. Thus, both internal and external systems efficacy and the type of technology used to offer our services support the intellectual capital value creation efforts of the Company. Furthermore, the Company's best practices combined with our process-driven operations adds intellectual capital value for our stakeholders.

Knowledge and Know-How

An important aspect of the Company's intellectual capital is the knowledge, skills, experience, and know-how employees which enables eChannelling to operate efficiently and effectively while continuously improving internal processes and use of latest technological advancements. Intellectual capital value is also created through the development and enhancement of inherent knowledge of the Company over the years through successes and sometimes failures.

Knowledge is also gathered by the individual experience of the management and employees through their industry experience, years of work in fields such as business management, financial

management, accounting, human resource management, software development, sales and marketing, engineering, brand management, business development, e-commerce, and digital and social media marketing together with their educational backgrounds in related fields. Thus, areas of focus remain to employ people with the right knowledge and experience for the right job and ensure they are continuously trained and developed so that their knowledge is increased and remains relevant to the dynamic changes taking place in the business operating environment.

Human Resource Capital



Key Strategic Imperatives for Creating Human Resource Capital Value

- ♦ Improve HR processes to enable greater efficiency in resource management
- ♦ Encourage employees to build a career as opposed to doing a job
- ♦ Enhance HR systems to enable employees to balance work and life commitments

Our Approach to Human Resource Capital Management

The Company's employees are the life-force behind the success and sustainable growth of eChannelling PLC as they are the people responsible for the achievement of corporate goals while enabling value creation across all capitals. Over the last 20 years of business operations, our employees have worked with integrity and passion; and shown true determination while remaining strongly committed to the achievement of the Company's vision and mission.

Consequently, eChannelling PLC also strives to create value for employees, by understanding their professional needs and career aspirations and by fulfilling their basic and higher-level needs. Thus, the Company uses a four-pillar approach to create value for human resources which is supported by efficient and effective HR processes, policies, and systems.



The Company rewards employees by giving them many opportunities to develop new skills and increase knowledge and know-how; build a fulfilling career, and work within a corporate culture where employees are valued and empowered, their commitments are fairly compensated, and the internal organisational operating environment promotes work-life balance.

Overview of Employment Cadre

The Company's organisational framework operates on a lean business model which required only a limited employee cadre. On 31st December 2020, the total full-time permanent employees stood at 28 compared to 33 people in the previous year. Six people resigned from the Company during 2020 for personal reasons and to pursue different professional and career opportunities. The Company did not embark on a recruitment drive except for employing one person in December 2020 to replace an employee who resigned. The other positions were left vacant as a prudent measure to curb costs in the prevailing difficult business operating environment.

eChannelling offers equal opportunity employment for males and females and works on contributing to the fulfilment of the United Nations Sustainable Development Goals (SDGs) on Gender Equality.

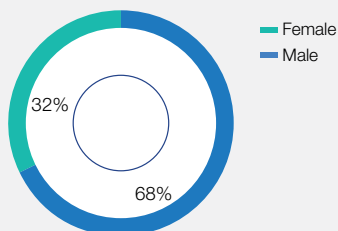


Total Employment by Department and Gender - 2020

Department	Total	Female	Male	Female (%)	Male (%)
Administration	1	-	1	-	100
Business Development	7	2	5	29	71
Contact Centre	4	-	4	-	100
Finance	4	1	3	25	75
Information Technology	3	-	3	-	100
Software Development	9	6	3	67	33
Total Employees	28	9	19	32	68

The Company has a well-balanced workforce in terms of experienced professionals, leaders, those with new and innovative ideas, and those with extensive knowledge of the changes taking place in the current operating context. The majority of employees range between 20 to 35 years making them a part of the Millennial generation and the Generation Z cohort. As these generations are highly tech-savvy individuals who thrive on everything technology-oriented, they are a great fit for the Company's sustainable long-term growth objectives.

Employment by Gender 2020



Human Resource Capital

Employees by Age Group

Age Group	2016	2017	2018	2019	2020
20 to 25 years	5	5	6	7	3
26 to 30 years	12	11	12	8	7
31 to 35 years	9	10	10	8	8
36 to 40 years	2	2	2	7	7
41 to 45 years	0	0	0	1	1
46 to 50 years	1	1	1	1	1
More than 50 years	1	1	1	1	1
Total Employees	30	30	32	33	28

Workplace Practices

The Company has developed fair and ethical work practises and HR policies which take into account aspects of human rights, non-discriminatory employment practices, equal opportunities for employment, rights of employees to enter into collective bargaining agreements, and the strict adherence to local employment laws and the adoption of international best practices for labour.

As such, eChannelling PLC's employees comprise individuals from various ethnicities and religious backgrounds. Employees are recruited on their educational background, experience, skills, and abilities to fulfil the responsibilities of the position being applied for. The company's recruitment process is comprised of a series of interviews at different levels testing both soft skills and professional competencies. Prospective recruits must meet the high expectations of the management and only those who are considered the right fit and can value add to the Company's business emerge successfully from the recruitment process.

The small employee cadre ensures that all employees are aware of the key developments taking place within the Company and all are free to approach the management to discuss any issues or concerns regarding their work and job requirements, compensation and benefits, co-workers or supervisors, and Company goals and objectives. There have been no employee grievances during the year under review. The small employee cadre also allows for the management to have many opportunities to interact with employees on a one-on-one basis thereby resolving any minor concerns and/or issues as and when they occur.

The Company does not employ child labour and only employs individuals over the age of 18 years. None of the Company employees have chosen to be a part of any labour union.

Occupational Health and Safety

A safe and secure working environment has always been a priority for eChannelling PLC. However, the safety of our people became critical in 2020 with the emergence of the COVID-19 pandemic. To ensure that our employees remained safe and adhered to the government-mandated safety measures, the Company proceeded to a 100% Work from Home system where employees were given relevant remote accesses and IT hardware to continue their work from the safety of their homes while meeting are conducted using remote meeting software. This remote working policy is still in effect at the Company, and employees visit the office only in instances when their physical presence is absolutely required. The relevant temperature monitoring, handwashing, and sanitisation facilities have been put in place in our office premises. The Company also sponsored the PCR tests employees who were suspected of being exposed to the coronavirus.

Training and Development

Training and development as a key pillar of creating value for employees underwent a transformational change in 2020. With the spread of COVID-19 and the need to maintain social distancing, e-learning and online training were adopted by the Company to ensure employees were able to continue to develop their skills and knowledge. In 2020, the Company offered several training programs to employees

using this medium. While overall training opportunities and hours reduced in the year under review compared to the previous year, mainly because of the prevailing pandemic situation, the Company has plans to resolve any skills and knowledge gaps in the coming year by offering additional training opportunities.

Career Development

To support the career aspirations of our employees, eChannelling encourages employees to take on work challenges and empowers them to suggest job enhancement and value additions to their existing roles in the organisations. As career development is one of the key pillars contributing to the creation of HR value, the Company's human resource policies, procedures, systems, and tools are designed to assist employees to progress up the career ladder within the Company. Thus, whenever possible, the Company promotes from within the existing employee cadre and offers employees the first choice when new opportunities arise.

The Company's focused efforts towards employee career building and job satisfaction are proven by the limited employee turnover levels in any given year and the average 6.5 years that an individual employee remains in employment with the Company in an era where job-hopping has become a trend of the new generation.

	2016	2017	2018	2019	2020
Employee Turnover	2	2	4	3	6

Service Years	2016	2017	2018	2019	2020
Less than one year	9	7	3	6	1
1 to 5 years	9	11	13	11	7
5 to 10 years	10	10	12	7	9
10 to 15 years	2	2	4	8	8
More than 15 years	0	0	0	1	3
Total Employees	30	30	32	33	28

Employee Welfare and Work-Life Balance

Employee welfare and work-life balance is important to employees as well as the Company and is considered a pillar which creates human resource capital value. For employees to remain satisfied and motivated, the Company ensures that we pay a fair remuneration, offer a range of other rewards for employees, and ensure employees are able to balance both their personal and work lives. In 2020, having to work from home, the Company's focused efforts for work-life balance helped employees adjust faster and manage the added family obligations. Ensuring that our employees did not suffer during the lower levels of economic activities, eChannelling PLC ensured that employee remuneration and salaries were not reduced while paying out a one-month bonus in December 2020 in recognition of all the hard work and added effort employees made during the prevailing challenges of the year.

The eChannelling Health & Well-Being Policy which directs Company efforts to improve and assist our employees to embrace good health and well-being practices in their lives is also aligned to the United Nations Sustainable Development Goals (SDGs) - 'Good Health and Well-being'. During the year under review, this policy supported the Company's efforts to implement health and safety measures related to COVID-19 for the protection of our employees and their loved ones.



Human Resource Capital

Company Sponsored Events and Outings

As part of the welfare activities designed for employees, the Company annually sponsors many events and programs to help build camaraderie within and amongst teams and relax employees. These events also offer an opportunity for employees' spouses and children to meet and get to know work colleagues building a family culture within eChannelling PLC. In 2020, due to the prevailing pandemic situation, the Company did not conduct any such events for employees.

Rewards and Remuneration

As the fourth and final pillar which creates human resource capital value, rewards and remuneration are also intrinsically linked to and often integrated with employee welfare and well-being practices of the Company. Rewards and remunerations address every employee's basic need of earning a living to provide for their families and maintain an acceptable standard of living.

The Company provides employees with both monetary and non-monetary benefits which enable them to manage all aspects of their lives. All rewards and remuneration are reviewed annually to ensure they are on par with industry standards and incorporate increased costs of living and inflation rates, and other pertinent changes. Salary increments and bonuses are based on the performance of employees, achievement of KPIs, overall conduct at work, and in

carrying out their job responsibilities satisfactorily. The Company follows a strict policy of settling employee dues on-time, usually at the end of the month.

Leave is also provided as and when required as per the leave policy. In 2020, two employees applied for maternity leave, and three employees requested and were given paternity leave for three days.

Salaries and Wages

- ♦ Paid on-time with annual increments.

Biannual Bonus Scheme

- ♦ available to all employees who have worked with the Company for over one year.

Staff Medical Insurance Policy

- ♦ Partnering with Sri Lanka Insurance Corporation Limited the Company covers employees and their immediate families (spouse and children) under the staff medical insurance policy.
- ♦ Coverage includes in-patient benefits, out-patient benefits, maternity charges, and some other benefits.

Leave and Vacation Policy

- ♦ All permanent employees are eligible for the mandated 14 days of annual leave and 7 days of casual leave as per the Shop and Office Act of Sri Lanka.
- ♦ An additional 07 days of medical leave is also given.
- ♦ Maternity leave is also granted as per the employment regulations of the country.
- ♦ On a need basis, the Company also approves compassionate leave and paternity leave to our employees.

Flexible Working Hour Policy	<ul style="list-style-type: none"> Employees can work flexible hours during the work week as long as they clock-in the requisite 09 work hours weekly at our office premises, and business is not adversely impacted.
Staff Mobile/Device Policy	<ul style="list-style-type: none"> Employees are given the option to buy or upgrade their smartphones or smart devices every two years with the Company providing an allowance for the purchase aligned to the employee grade.
Staff Loan Policy	<ul style="list-style-type: none"> All permanent employees are eligible to apply for a staff loan which is equivalent to their basic salary multiplied by 2.5 times for any emergency without an interest being charged and with a repayment period of six-monthly instalments which is deducted from their monthly salary without adversely impacting 40% of employees' take-home salary.
Educational Reimbursement Policy	<ul style="list-style-type: none"> All permanent employees are eligible to obtain reimbursement on the annual fee paid to professional organisations, and fees paid to obtain an academic/professional qualification (within pre-agreed limits) from the Company dependent on the bond agreement.
Option to Purchase Used Laptop	<ul style="list-style-type: none"> The employee is given the first choice to purchase a laptop being replaced by the Company at a minimal cost of Rs. 10,000/-.
eChannelling Health & Well-Being Policy	<ul style="list-style-type: none"> Employees will receive training, care, and tips to maintain good physical and mental well-being, especially that which arises due to work-related stress.
Remote Working/ Working from Home Policy	<ul style="list-style-type: none"> To ensure the health and safety of employees, the Company developed and implemented the working from home policy in 2020.

Social and Relationship Capital



Key Strategic Imperatives for Creating Social and Relationship Capital Value

- Continuous innovation to meet customer needs and improve efficiency and user-friendly aspect of the Company's services.
- Expand business partnerships locally and internationally to offer a wider choice and variety of healthcare-related services.
- Support the healthcare goals of the government by adding hospitals and clinics in smaller, less populated, and rural towns and villages across the nation.
- Support the healthcare-related needs of the nation's population through sponsorships and other community projects.

Our Approach to Social and Relationship Capital Management

Social and relationship capital value is a critical success factor as it supports business growth and sustainability and creates value to many stakeholder groups including customers, business partners, the government, suppliers, and the wider community. Due to the nature of eChannelling PLC's business – that of linking people who seek healthcare services with primary healthcare providers and other healthcare-related services – relationship management is an integral aspect of the social and relationship value creation process, and for ensuring sustainable business success.

To develop strong and lasting relationships with customers, the Company pursues product/service development, market penetration and development, and diversification strategies. Thus, the Company annually enters into new partnerships with primary and secondary healthcare service providers, endeavours to develop different digital platforms on which eChannelling services can be accessed, and continually increase the efficiency and effectiveness of the Company's services.

Business partners benefit from the increased demand for their services as they can reach a larger target market and increase their customer base. As the Company's services expand, and healthcare becomes easily accessible across the

country, the overall health and wellness of the nation's people progress supporting the government's healthcare goals. Customers also gain a great choice of access to their preferred as well as required healthcare services at any given time.

Furthermore, as healthcare is a basic right of all Sri Lankan citizens, the Company participates in many community-related healthcare initiatives and sponsors several community-related healthcare projects aimed at increasing access to healthcare facilities to the nation's people.

Efforts to create value for social and relationship capital also enables the Company to contribute towards the United Nations Sustainable Development Goals (SDGs) of 'Good Health and Well-being' as the Company's business revolved around service provision to aid in promoting good health and well-being of the nation's people. The Company's procurement practices contribute towards meeting the objectives as set out under the United Nations SDG of 'Responsible Consumption and Production'. Additionally, investments in social and relationship capital help to further strengthen the value creation process of the other Capitals of the Company.

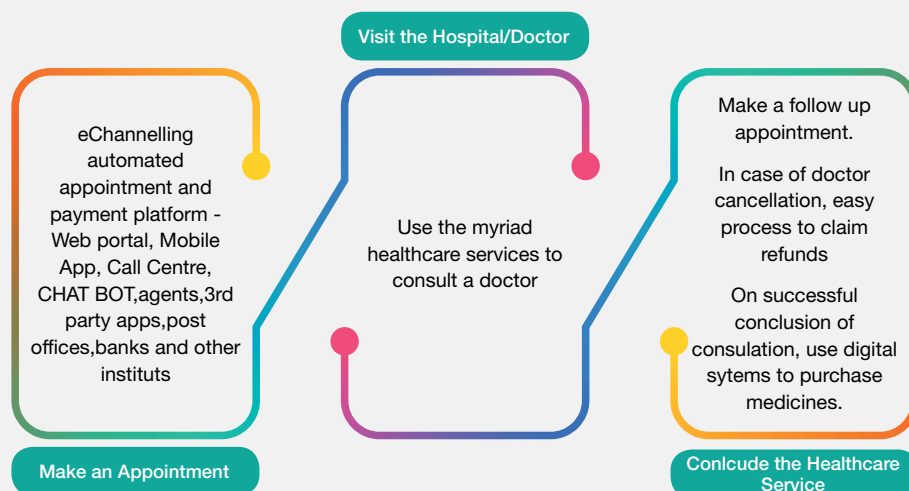
In 2020, the importance of healthcare and the wider impact of inaccessible healthcare services through traditional methods was realised due to the COVID-19 pandemic. Thus, the Company, through many targeted initiatives, was able to offer a range of digital

healthcare services to customers and the wider community by building on existing service offerings.

Creating Value for Customers

The core business objective is to make healthcare easily accessible to our customers while expanding automated and digital healthcare services to meet the changing healthcare needs of the nation's people and converting them to eChannelling customers. The basis of creating value for customers is through increased customer convenience, continuous innovation of our service offerings, and the expansion of our automated services across towns and cities by onboarding new healthcare providers. Thus, the Company focuses on value-adding to existing services, increasing the type of services offered such as telemedicine and non-traditional healthcare services, and offering healthcare-related value-added services such as the online purchase of medication from pharmacies.

To improve customer convenience, eChannelling offers various platforms by which our services can be obtained such as a web portal, a Mobile App, a CHAT BOT, and a Call Centre. This enables our customers to make hassle-free doctor appointments, participate in audio or video doctor consultations, and place orders to pharmacies from the comfort of their homes. To ease the complication of making payments, the Company also extends a range of payment gateways. Understanding that some customers have limited knowledge and access to information communication technology, the Company has appointed co-operate agents who assist customers to make appointments using the eChannelling website and call centre.



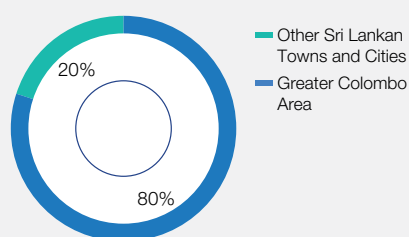
Social and Relationship Capital

Managing Customer Relationship

To manage customer relationships, the Company uses a range of communication and engagement tools to develop and create a dialogue with our existing and potential customers. Social media is a key communication channel from where customers can obtain information about the Company's developments and also be informed of illness and disease-related information, health tips, and other healthcare information through Company developed campaigns. The eChannelling Facebook page is very popular with over 110,000 followers to date.

The Company's success in managing customer relationships is proven by the year-on-year increase in the use of services by existing customers as well as the overall increase in the Company's customer base. As the Company has grown and expanded our service offerings across the country, the customer mix also continues to change enabling us to spread risks across our service portfolio more evenly. This mix is expected to improve in the medium-term as

Customer Mix



the Company continues to not only expand geographically but also offer diversified services in the coming years.

Customer Privacy

The Company is privy to many personal and medical records of our customers and hence, is well aware of the need for data security and protection, as well as ensuring customer privacy. All customer information is treated as private and confidential and employees have limited access to obtain such information. All customer data is stored in a highly secure offsite data centre using a reputed IDC access provider recognised as the most secure in Sri Lanka. The Company also uses state-of-the-art IT security systems, anti-hacking software and has adopted streamlined processes to ensure high priority is given to secure and protect customer data.

The Company also adopts a policy where only absolutely necessary information is requested from customers/patients to minimise the risks of unexpected dissemination of private data. IT security systems are regularly updated and upgraded to be on par with developments in the external environment. To further reduce risks related to data protection, the Company conducts six-month audits and regular vulnerability tests in collaboration with TechCert, which is Sri Lanka's first and largest Computer Emergency Readiness Team.

eChannelling Service Portfolio

Creating value to customers requires continuous enhancement to and increase of service offerings by the Company. The unique developments with regards COVID-19 resulted in the Company focusing efforts to expand some critical digital-based services and developing new services to help customers remain healthy and follow government directives to maintain minimum human contact and practice social distancing to limit the spread of the COVID-19 pandemic in the country.

New Services and Service Enhancement in 2020

- Booking appointments for drive-through PCR testing at Asiri Hospitals, Kings Hospital, Lanka Hospitals, Melsta Hospitals, and Nawaloka Hospitals.
- Adapting the running number system for hospitals to control crowds and adhere to relevant social distancing measures.
- Onboarded additional partner hospitals and doctors to offer audio and video consultation on a range of medical issues.
- Expanded the mobile laboratory services facilities collaboration with the hospitals.
- Increased the number of pharmacies, especially in outstation areas, using the digital delivery of prescription for medicine delivery.
- Increased the number of doctors participating in the 'Chat with the Doctor Service' offered by the Company.

The Company continues to build and expand our service portfolio annually with the goal of creating superior customer convenience while also slowly connecting with the healthcare industry's value chain to become the go-to digital healthcare services centre.

eChannelling Services Portfolio

- ♦ Direct Dial 225 to make an appointment from anywhere on any mobile network or Lanka Bell landline
- ♦ Direct Dial 1225 to make an appointment from anywhere at any time on the SLT land-line network
- ♦ Online channelling (web portal and mobile app)
- ♦ Walk-in partnerships with pharmacies, banks, and co-operate agents to make consultation appointments
- ♦ Pay and Go kiosks located in public places are offer eChannelling service
- ♦ Online request for lab tests from preferred hospitals/labs or the mobile lab testing unit
- ♦ Automated process for claiming refunds on the website
- ♦ eChannelling's own self-help kiosk machines
- ♦ eChannelling for Government Hospitals
- ♦ Launch of eChannelling for NTMI Branches
- ♦ Audio/Video Consultations with Doctors
- ♦ Running number (queueing) system
- ♦ Audio consultation with GPs
- ♦ Appointments to obtain the PCR test
- ♦ Multi-channel digital touch points for easy settlement of payments

Social and Relationship Capital

Customer Grievances and Feedback

As a part of the Company's efforts to improve service quality levels, expand services geographically, and add new and innovative in-demand services to our portfolio, eChannelling has a process to obtain customer feedback. Customers can reach the Company using the contact form on our website, send us an email, call our dedicated hotline or message us using one of the Company's social media platforms.

For handling customer grievances, the Company has in place a grievance handling process and a team who oversees the grievance is addressed and closed to the satisfaction of all parties concerned. During the year under review, the Company was not subject to any grievance from customers regarding our services, the delivery methods, or breaches of customer privacy and/or loss of customer data.



CREATING VALUE FOR BUSINESS PARTNERS

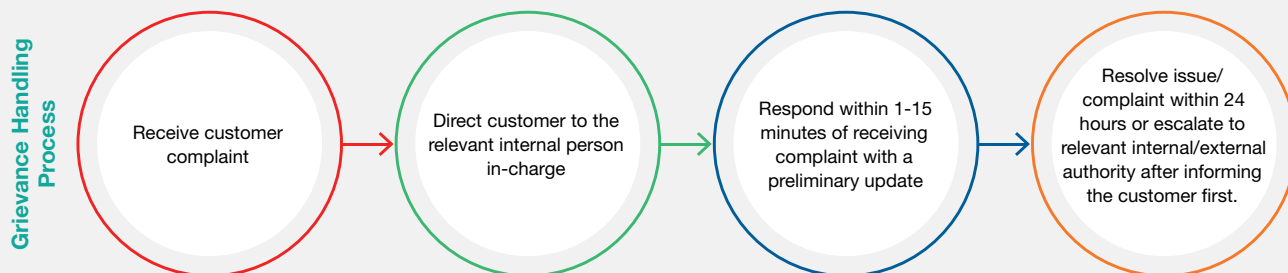
Business partners are a key stakeholder group of eChannelling PLC as they are the people who provide the healthcare service for which the Company offered intermediary services. The Company's business partners consist of private and government hospitals, healthcare clinics, alternate medical facilities and practitioners, doctors, and pharmacies. Payment gateway operators are also a business partner as they are essential in supporting eChannelling PLC by providing easy access to and offer convenient payment settlement methods.

eChannelling PLC's service provider business partnerships has grown **20% over the last five years.**

The Company continues to add to our business partnerships annually and the increasing popularity of the eChannelling brand supports our business partners to achieve their individual organisations growth and customer reach goals.

During 2020, the Company entered into new partnerships with 30+ retail pharmacies majority of which were located outside of Greater Colombo area, 20+ private hospitals and 26 NTMI (National Transport Medical Institute) branches .

The prevailing pandemic situation also helped the Company to further reach and onboard 40+ private Hospitals and 400+ doctors to offer appointment reservation on video consultations to our customers during the year under review.



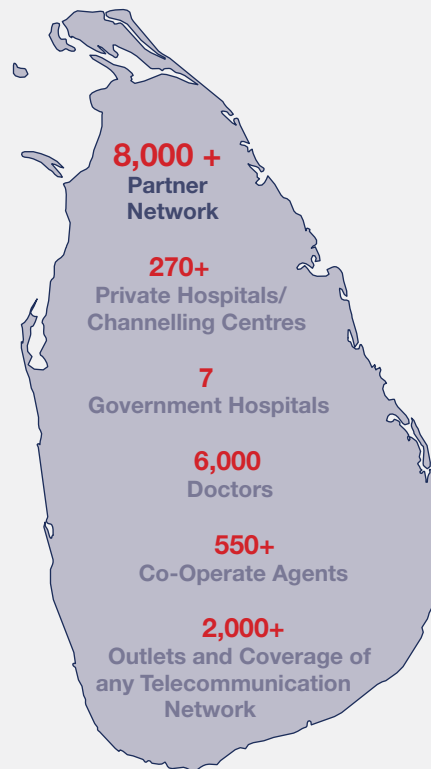
Expanding our payment gateway operator partnerships to increase customer convenience, the Company also integrated the FriMi Lifestyle, UPay, iPay, Onepay, ORELPAY Apps within the eChannelling systems.

Managing Relationships with Business Partners

The Company undertakes regular promotions and develops targeted marketing campaigns on social media to increase the value we create for our business partners. Also, our business partners are able to benefit from being able to increase their customer base by having access to the wide-spread multi-segmental customer mix of the Company who use the eChannelling platform to search for and obtain healthcare-related services. Additionally, eChannelling also provided hospitals with 24/7 IT systems support to ensure uninterrupted services being offered to patients.

Creating Value for Suppliers

The Company's suppliers comprise large, small, and medium-scale organisations that supply goods and services to carry out uninterrupted day-to-day business operations of the Company. The Company's policy to support local business growth and indirectly support the country's economic growth means that all our suppliers are based locally.



Our suppliers are broadly categorised into three groups:

1. System support and hardware suppliers;
2. Media, advertising, printing, and promotional material suppliers; and
3. General administrative and other software suppliers.

On average, the Company's supplier partnerships range over three years with the longest being over 19 years.

Procurement Process

To ensure a fair and ethical procurement process, eChannelling PLC has a policy to pre-approve suppliers through a comprehensive screening process to ensure their authenticity as an organisation and the quality of their products and services. A database is maintained and regularly updated with new supply partners. Furthermore, for any given purchase, the Company follows a policy to request three quotations and compare them for value for money in terms of pricing and quality.

Managing Supplier Relationships

One of the Company's key methods to maintain cordial relationships with suppliers is to enter into continuous dialogue and also ensure payments for their services are done as per agreed terms and on time.

Creating Value to the Community

The nature of the Company's business drives us to promote and support the healthcare needs of the wider community. Thus, the Company sponsors community healthcare-related initiatives and undertakes many projects for the benefit of community members. Moreover, the Company also offers service fee waivers to people who make appointments to visit government hospitals around the country.

During 2020, eChannelling continued to support the healthcare of the community by sponsoring two health camps in January and February 2020. However, due to the

Social and Relationship Capital

challenges of the COVID-19 pandemic, no other community health camps were done during the year.



We also entered into an agreement with HelpAge Sri Lanka where they could use the eChannelling automated appointment platform free of charge. The Company also supplied phone charging units to hospitals for the public to charge their phones at no cost.

Anyone in the process of obtaining a driving license or renewing their driving license can now easily access NTMI's 26 branches across the island to make an appointment at a convenient time to them for the medical test using eChannelling's website or mobile app, or by calling 225 from any mobile network or 1225 from SLT network.

The Company continued with our online awareness campaigns, health tips, and other posts to ensure health and safety messages reached a wider public audience. We also sponsored banners, leaflets, and notices on the COVID-19 pandemic which were distributed to Lanka Hospitals, Nawaloka Hospitals, Kings Hospital, Melsta Hospitals, Joseph Fraser Memorial Hospital, New Delmon Hospital, and Royal Hospital.



Partnership with the National Transport Medical Institute

To further add value for the community, eChannelling PLC entered into a partnership with the National Transport Medical Institute (NTMI) network in November 2020 to incorporate appointment booking facilities within the eChannelling digital platforms for the mandatory medical test required to

renew or obtain new driving licenses. This partnership is expected to empower the NTMI network by making their services more accessible to their customers while enhancing convenience levels to the nation's people in the process of obtaining new or renewing driving licences. This partnership is also aligned with the government's ambition to create a digitalised economy by leveraging on digital technology to power its institutions and enhance the country's digital footprint. It also paves the way for a digitally inclusive society.



Compliance Updates

	Company Response
Legal Actions for Anti-competitive Behaviour, Anti-trust, and Monopoly Practices	There were no legal actions against the Company for anti-competitive behaviour, anti-trust, and monopoly practices during the year under review.
Operations that have been Subject to Human Rights Reviews or Impact Assessments	The Company does not have any business activities which are subject to human rights reviews or impact assessments.
Political Contributions	The Company has not made any political contributions during the year under review.
Social Economic Compliance	There were no issues regarding non-compliance with laws and regulations in the social and economic area of the Company.
Security Practices	All security personnel are provided by third-party organisations and have been educated about the Company's human rights policies and procedures.
Incidents of Discrimination and Corrective Actions Taken	No incidents of discrimination were reported during the year under review.



Manufactured Capital



Key Strategic Imperatives for Creating Manufactured Capital Value

- ♦ Ensure providing software which is user-friendly and easy to navigate
- ♦ Continuous adoption of emerging security measures for data protection and software
- ♦ Use of up-to date software technology

Our Approach to Manufactured Capital Management

Manufactured capital is used by eChannelling PLC to support business operations which consists of the provision of digitalised products and service for the healthcare industry. Thus, the Company's manufactured capital comprises of the rented premises from which the head office operates, furniture and fittings, information communication technology (ICT) hardware and software, digital platforms such as the eChannelling website and the Mobile App, the Call Centre software, and the datacentre.

Creating manufactured capital value for stakeholders revolves around the inherent increase in value of buildings, furniture, fittings, and equipment minus any depreciation; as well how these assets are utilised to create value for the other capitals and thereby for the Company as a whole. We also create manufactured capital value by ensuring all software used in the business is licenced so that the Company does not face any pirating charges or unforeseen data losses due to bugs. The Company also makes sure regular software updates are undertaken to fix bugs and address the critical issue of IT security and data protection. Regular IT audits are also done while remaining mindful of emerging technology which can be adopted or adapted to improve the efficiency and effectiveness of eChannelling services. Preventive maintenance for building maintenance and IT infrastructure, scheduled data backups, storage and round-the-clock IT support are also considered part of manufactured capital and are the key strategies adopted to ensure systems availability and uninterrupted business operations.

The Company's use of manufactured capital is also aligned to the UN's Sustainable Development Goals (SDGs) related 'Responsible Consumption and Production'.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Development During the Year

During 2020, the Company invested Rs. 10.6 million on software upgrades, new technological advancements, and IT systems maintenance. The Company's rental expense for the head office building amounted to Rs. 2.8 million.

Some of the key value additions for manufactured capital included:

- ♦ the installation of a comprehensive network security system;
- ♦ the upgrade of security features for existing software, hardware, servers, and the database;
- ♦ the systems audit to assess the robustness of IT security in terms of both internal and external cyber risks;
- ♦ the review and upgrade of the IT security policy; and
- ♦ the deployment of a review process to ensure the adequacy of IT controls and identify areas for improvements.

To address the need for additional IT security due the enactment of the 'Working from Home' policy, the Company also developed and deployed IT use and security guidelines as an add-on to the IT security policy and procedures.

Regular maintenance of the head office building is undertaken to ensure a comfortable and conducive work environment. All furniture and fittings are maintained at optimal levels and electronic equipment is regularly checked and serviced to ensure no breakdowns which interrupt business operations.

Natural Capital



Key Strategic Imperatives for Creating Natural Capital Value

- ♦ Reduction in paper usage with the ultimate aim of becoming a paperless business operation.
- ♦ Reducing energy used, especially the use of fuel for transport.
- ♦ Improving recycling and waste collection processes for long term environmental benefits.

Our Approach to Natural Capital Management

Operating as a digital channelling business within the healthcare sector of Sri Lanka, eChannelling PLC is well-positioned to create value for natural capital. The Company's business model is based on automating healthcare activities using an electronic framework and digitalised platforms. As such, the Company benefits from sustainable business practices while promoting the conservation of natural

resources amongst stakeholders, especially our customers.

The focus for natural capital value creation is two-fold – internal/external and direct/indirect, where processes and systems are adopted to reduce internal and direct use of natural capital by employees and in conducting business activities. When considered from an external and indirect perspective, the Company's service offering promotes reduced use of natural resources such as paper and fuel resulting from patients' utilisation of eChannelling services.

Furthermore, eChannelling endeavours to align our natural capital value creating activities with the UN Sustainable Development Goal of 'Responsible Consumption and Production'.



The material benefits derived from the Company's business activities; and which result in the creation of natural capital value are discussed below.

Paper Usage

The Company offers services ranging from automated appointment facilities, online consultations, to delivery of medicines through the submission of prescriptions online while encouraging customers to convert to using electronic receipts and electronic payments. As such, our business

model is designed to encourage the overall reduction in paper usage.

Many of the Company's internal systems and processes are also designed to generate electronic messages while the much of the internal and external communication between stakeholders is undertaken through social media, emails, and other electronic methods. Many employee-related official communications have also been converted to electronic means.

While mandatory matters use paper-based communication, the Company's 'print only when mandatory' and 'print on both sides of the paper' guidelines ensure conscientious use of paper across the organisations. Adhering to these practices has helped us to continually reduce year-on-year internal use of A4 paper. During 2020, the Company's paper usage was further reduced to 2% compared to the 11% in 2019.

Paperless Services Provided by the Company to Customers

- ♦ Appointment confirmation via email and/or SMS.
- ♦ Doctor arrival and appointment queue number notification via SMS.
- ♦ Other important notifications via SMS.

Natural Capital

The more than 3.6 million appointments made using the eChannelling services in 2020, and the corresponding use of SMS and email notifications for appointment details also contributes to the indirect reduction in paper as our customers need not resort to printing these details. In addition, the Company's increasing adoption of digital approvals has also contributed to the reduction in paper usage.

Fuel Usage

Direct fuel usage by the Company is limited and arises mainly from using the power generator in case of an electricity outage. However, the Company's business is built on a model which supports reduction in fuel usage across the general public.

The Company's automated and electronic appointment-making services; local and overseas video consultations with doctors and specialists; and the increasing network of hospitals, clinics, and pharmacies across the country using the eChannelling service portfolio continues to indirectly support the reduction of fuel usage mainly due to the reduction in the amount of travelling required to make appointments, visit hospitals or clinics, consult doctors, visit pharmacies to fulfil prescriptions, and even travel overseas to consultant specialists.

Employees are also encouraged to reduce fuel usage in carrying out business

operations by travelling in one vehicle. Whenever possible, the Company hires a vehicle which is used for group travelling purposes when attending Company organised events and outings.

The Company has no system to quantify the reduction of indirect fuel usage due to the various dependencies and diverse 'what if' scenarios that make it impractical to attempt such as calculation. However, we strongly believe that our business objectives and focused efforts has resulted in the reduced use of fuel by our customers.

Electricity Usage

As the Company's business operations are built on and run on an electronic platform, there is a requirement for energy usage to operate computers and laptops, servers, and data storage centres. Lights and air-conditions are also used in our daily business operations. However, we have set in place systems and processes to support the reduction of energy usage such as using electronic equipment designed to use low energy, use of cloud-based services to reduce the requirement for excessive data storage facilities, and energy saving lighting systems.

The Company's electricity requirements are supplied by the National Electric Grid.

Practices Enabling the Reduction of Electricity Usage

- ♦ Switching off lights and ACs when offices and meeting rooms are not in use.
- ♦ Shutting down PCs and laptops at the end of the workday.
- ♦ Putting PCs and laptops in sleep/hibernate mode to conserve energy when not in use.
- ♦ Installing energy efficient lights.
- ♦ Installing Inverter-type ACs.

Waste Management

The Company manages its waste by segregating it according to recyclable and non-recyclable materials, and organic waste to ensure proper and safe disposal of waste aligned with local laws and regulations. Majority of waste generated is organic and paper based. However, the Company also generates e-waste in the form of printer toners and laptop batteries as well as old laptops; and plastics in the form of wrappers and cups used by employees which are disposed of according to best practices. Much of the waste is generated as normal course of business.

Despite the minimal waste generated, the Company continues to promote the reduction of waste generated as much as possible.

At present, all waste is disposed of using the Municipal Council Garbage disposal services. No hazardous waste is generated when undertaking business operations.

Practices Enabling the Reduction of Waste Generated

- Use of laptops for a minimum of three years.
- Re-sale of older laptops rather than dumping as waste.
- Educating employees on the dangers of plastics on the environment.
- Encouraging employees to recycle waste such as paper and plastics.

Reducing Emissions

The Company's business operations promote the need for reduced land and air travel which helps to reduce air emissions and thereby assists in the indirect reduction of air pollution in the country. As emission reduction is an indirect advantage of our business services, the Company does not have a method to calculate emissions

occurring during and because of our business activities, operations or initiatives.

Impact of COVID-19 on Natural Capital in 2020

Due to the lockdowns and isolation requirements, most employees of the Company have shifted to working from home. This had a direct impact on the electricity used by the Company's office premises which had been closed for long periods or used only by limited staff as the need arose. However, it is likely that the electricity used in employees' home may have increased, but the Company has no way to measure this.

Furthermore, indirect fuel usage by employees also reduced as employees were not required to travel to work. This also would have helped reduce emissions and air pollution levels in the atmosphere.

Our Contribution to Sustainable Development Goals

In pursuing sustainable business operations, eChannelling PLC has voluntarily adopted business-relevant goals from the list of the United Nations Sustainable Development Goals (SDGs). This strategic move has supported the Company's sustainability objectives by enabling a more cohesive alignment of business vision and objectives; and enabling eChannelling to positively contribute towards the global and national achievement of the SDGs.

3 GOOD HEALTH AND WELL-BEING



- ♦ The eChannelling PLC business model is founded on the principle of bringing patients closer to medical facilities and doctors.
- ♦ Disseminate information on disease and illness prevention to the nation's people using social media platforms and the website.
- ♦ Capitalise on opportunities to sponsor, participate in, and/or promote awareness of prevalent health risks in the country.
- ♦ Focus on occupational health and safety measures to protect and safeguard the health of employees.
- ♦ Offer free services of existing company infrastructure to promote good health and well-being for all strata of the country's population.

5 GENDER EQUALITY



- ♦ Follow a strict policy of non-discrimination against women in the workforce and offer equal opportunity for rewards, promotions and holding of managerial positions within eChannelling PLC.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- ♦ Use emerging technologies to extend new and innovative healthcare-related services through diversification strategies thereby increasing convenience to patients.
- ♦ Use existing company infrastructure to increase service level penetration to government healthcare facilities and other small and medium scale healthcare service providers.




12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- ♦ Work towards minimising the use of natural resources both directly and indirectly.
- ♦ Continuously review and adopt methods to reduce waste generation.
- ♦ Adopt effective ways of recycling and reusing resources to conserve non-renewable natural resource utilisation in business activities.

Goal 3: Good Health and Well-being


Ensure healthy lives and promote well-being for all at all ages

Selected Targets	eChannelling PLC's Contribution to Meeting Targets
By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	<ul style="list-style-type: none"> ♦ Social media 'Did You Know?' campaigns to increase public awareness on good health and wellness practices to be adopted in their lives. ♦ Awareness campaigns on specific disease and illnesses such as HIV/AIDS, diabetes, depression, cancer, etc. ♦ Sponsorship of health camps offering free consultations to the under privileged. ♦ Awareness campaigns on dedicated health days such as World Alzheimer's Day, World AIDS Day, Mental Health Day, etc. ♦ Awareness campaign on COVID-19 pandemic and preventative measures to be adopted in collaboration with WHO and the Health Promotion Bureau of Sri Lanka. 
Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	<ul style="list-style-type: none"> ♦ Social media campaigns to increase public awareness on the dangers of substance abuse. 
Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	<p>The service offering of eChannelling PLC is aimed at bringing healthcare closer to patients. By providing an automated doctor appointment service platform we bring to the Sri Lankan people an effective and efficient methods to access quality essential health-care services. The advantages of the Company's services were especially highlighted in 2020, a year where the world was battling the COVID-19 pandemic with the requirement for people to practice social distancing and minimal human contact.</p> 

Our Contribution to Sustainable Development Goals

Goal 5: Gender Equality

Achieve gender equality and empower all women and girls

Selected Targets	eChannelling PLC'S Contribution to Meeting Targets	
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	E-Channelling PLC contributes by practicing equal opportunity employment for women, which also encompasses equal pay, rewards, and promotional opportunities for women equal to what is offered to male employees. Our HR policies are aligned to be non-discriminatory and offer employment and leadership opportunities based on experience and skills. As at 31st December 2020 the Company had 03 female employees in managerial positions.	


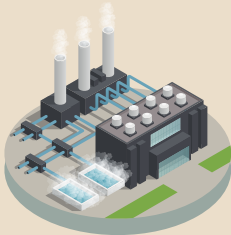

Goal 9: Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Selected Targets	eChannelling PLC's Contribution to Meeting Targets	
Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	<p>The Company's services are aimed at enabling easy, convenient, and high-quality access to healthcare facilities for all people across the nation. We do this by:</p> <ul style="list-style-type: none"> ♦ Making our services available to all citizens of the country through the use of digital technology including a website, mobile App, as well as SMS and phone call facilities. ♦ Continuously focussing increasing partnerships with and onboarding myriad healthcare service providers including government and private hospitals, clinics, pharmacies, laboratory operators, doctors, etc., to increase choice and options available to the people across Sri Lanka. ♦ Partnering with overseas hospitals and doctors facilitating video/audio consulting and online doctor channelling. 	
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<ul style="list-style-type: none"> ♦ The service offering of eChannelling PLC is aimed at making channelling doctors by outpatients efficient and convenient. By using our service patients do not require to visit hospitals to make doctor appointments, or even consult with a doctor. Today, the Company offers not only automated appointment facilities but also allows patients to consult doctors/specialists using video and audio conferencing across both local and overseas healthcare facilities. The Company's drug delivery service allows patients to upload their prescription online to pharmacy partners, where the drugs get delivered to their homes. These services combine to support the reduction of travel thereby indirectly contributing to a positive impact on reducing fuel usage. ♦ As patient appointment details are shared electronically, this allows for a more efficient experience while enabling a paperless working environment. <p>These efforts by eChannelling PLC overall contribute to minimising the use of natural resources by the Sri Lanka people.</p>	

Goal 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns

Selected Targets	eChannelling PLC's Contribution to Meeting Targets
By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> Switching off lights and ACs when not in use. Shutting down electronic equipment when not in use. Use of energy efficient lighting, electrical, and electronic equipment. Automating business processes to reduce paper usage, thereby contributing to reducing carbon footprint. <p>(Refer Natural Capital on page 43)</p> 
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> Segregating waste before disposal. Printing on both sides of the paper. Reducing the requirement for printed documents. <p>(Refer Natural Capital on page 43)</p> 
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<p>By offering the e-channelling doctor appointment platform, services where audio/ video consultations are encouraged, and an online process for drug delivery across a range of healthcare service providers in Sri Lanka, the Company is achieving a two-fold goal:</p> <ol style="list-style-type: none"> To encourage the healthcare industry to contribute to the reduction of paper and fuel usage. Empower people and patients to make appointments at a click of the mouse, consult doctors from the safety of their home, and get medicines delivered without having to visit hospitals, clinics, or pharmacies unnecessarily. 

Risk Management Review

Risk is described the occurrence of any event or incident which will have an adverse impact on the achievement of the Company's goals and objectives, may cause harm to stakeholders thereby impacting business operations, and may result in missed business opportunities. Thus, risk management is the process by which the Company manages these risks while carrying out business activities to achieve the corporate mission and goals.

The Company views risk management as an evolving process. This is because the changes in the operating environment, technology developments, and the resources used to conduct business operations are continuously transforming resulting in an ever-changing risk landscape. Furthermore, as the Company grows, so does the Company's risk exposure. Thus, eChannelling PLC considers risk management as an ongoing process where

risks must be evaluated and reviewed periodically, while a robust monitoring process ensures that day-to-day risks and other unexpected risks are managed in an optimal way or processes are adapted to mitigate new and developing risks.

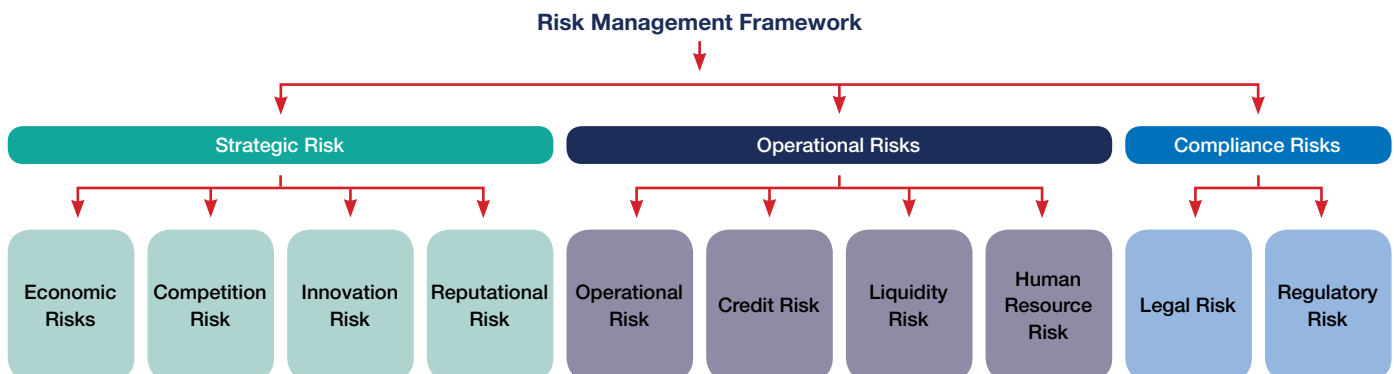
As such, the effective management of strategic and operational risks continues to remain a foremost priority to ensure successful business operations amidst changing external environmental factors and to remain a sustainable business in the long term.

To enable the adoption of an effective risk management process, eChannelling PLC has embedded the principles and practices of risk management in our corporate policies and procedures. The Company also ensures adequate controls, measures, and monitoring systems are integrated within every business facet and across strategic

and operational decision-making levels to ensure the implementation of a strong risk management framework across all organisational levels and business activities.

The eChannelling PLC risk management framework is simple but incorporates a comprehensive approach which identifies, defines, assesses, quantifies, monitors, and mitigates risks which occur while carrying out business activities. Risks are identified and segregated into strategic risks, operational risks, legal risks, and regulatory compliance risks. The risk management guidelines specify a systematic identification, assessment, measurement and monitoring of the risk events in key areas which have been classified as critical to business success.

Regular training to all employees supports the inculcation of an effective and healthy risk management culture within the



Company. Training and development also help employees to increase risk and risk management knowledge while making risk management a top-of-mind recall. Furthermore, employees also learn about emerging risks as well as changing risk position and risk factors that can affect business operations which must be incorporated within the decision-making process.

The Company has in place a Risk Management Committee which overlooks and formulates the risk control strategies for the identified risk in every department while being responsible for the regular monitoring of risks. In the year under review, to further increase the focus on effective risk management and ensure timely adoption of risk control and mitigation processes, the Risk Management Committee developed a system whereby a detailed compliance

sheet which includes due dates and action dates is shared monthly with the Audit Committee. The Board-level Audit Committee has ultimate oversight for the Company's risk management and ensures the dedicated Risk Management Committee records and reports on risk status on a regular basis. The Company is now planning to have a separate board-level Risk Committee to address those issues, considering the importance of risk management.

The well-established risk management processes and procedures enable the Company to be aware of risks as and when they occur. The Company endeavours to minimise or offset all identified risks and whenever possible eliminate such risks if and when they occur. The stringent borrower selection process which ensures minimal credit risk, and employee training together

with a robust audit mechanism helps manage operational risk. While the liquidity and sectoral risks are more external, the Company has a strict policy of adherence to regulatory guidelines which ensures orderly functioning of business activities resulting in adequate measures being adopted to address such risks. Overall, the risk management framework adopted by the Company is geared to manage risks over the medium and long terms.

The year under review brought about additional risks which the Company had to face. For instance, the diversification of business activities resulted in a greater focus on environmental risks, while the advent of the COVID-19 pandemic increased the risk related to the health and safety of employees and customers. These risks and others are further discussed below.

Identified Risks	Risk Mitigating Activities
Strategic Risks	
<p>Economic Risks</p> <p>Economic risks are an ongoing risk that the Company faces mainly due to the nature of our business activities. Macro-economic conditions and levels of consumer spending are two key criteria that can adversely or positively affect the business outcomes of the Company.</p>	<ul style="list-style-type: none"> ♦ 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 year. ♦ Continuous focus on process efficiencies and productivity improvements is in place to mitigate increases in support services costs. ♦ Maintaining different pricing structures for consumers in the Greater Colombo area and those consumers in more remote geographic locations. ♦ Ensuring a widespread geographic reach by partnering with hospitals and agents across the island.

Risk Management Review

Identified Risks	Risk Mitigating Activities
<p>Competition Risk</p> <p>The competitive advantage the Company has enjoyed as the pioneer in e-channelling services in the country has reduced over the last few years due to growing competition from new e-channelling service providers having entered the marketplace. This situation has eroded the Company's overall market share while increasing marketing and promotional costs.</p>	<ul style="list-style-type: none"> ♦ Allocating resources to maintain industry positioning including the practice of value engineering philosophy ensuring value addition to clientele. ♦ Continuously evaluating new value-additions and seeking new opportunities. ♦ Increasing efficiency through R&D, investment in innovative technology and the adoption of best practices. ♦ Diversifying business operations to reduce the impact of competition. ♦ Building stronger, and long-lasting relationships with our stakeholders. ♦ Undertaking marketing and advertising campaigns aimed at showcasing the strength and experience of the Company. ♦ Developing new methods to increase customer satisfaction, retention, and loyalty. Introduced a loyalty point scheme in 2020 for customers to collect points and redeem them against obtaining eChannelling services.
<p>Reputational Risk</p> <p>Reputational risk relates to the Company's brand and service-related reputation from the perspective of our stakeholders. Adverse publicity or negative review of the Company's services can affect eChannelling's reputation and negatively impact brand value which could cascade to a negative impact on the stakeholder value creation process of the Company.</p>	<ul style="list-style-type: none"> ♦ Engaging regularly with stakeholders to understand their concerns and offer them solutions. ♦ The Company has in place a grievance handling process for employees as well as customers. ♦ Ensuring that any customer complaints are immediately and efficiently considered, and action taken to solve the issue in a mutually satisfactory manner. ♦ Engaging in brand building campaigns ♦ Developing organisational policies and procedures; and providing training to ensure all employees are able to act responsibly and behave appropriately in any situation.

Identified Risks	Risk Mitigating Activities
<p>Innovation Risk</p> <p>Risks associated with the Company's use of new and emerging technologies to improve customer convenience and satisfaction. The risk that consumers may consider learning how to use new technologies and consumers reluctance to change is a critical factor to be considered when adopting new technologies.</p>	<ul style="list-style-type: none"> ◆ Having a separate, dedicated team to evaluate new ideas related to innovation and technology adoption. ◆ Having in place mechanisms to balance future strategic focus for the adoption of new technologies. ◆ Balancing the adaptive nature of innovation with the Company's existing priorities and resources. ◆ Continuous professional development and training programs for all staff members to align with adoption of new technologies. ◆ Regularly updating and upgrading IT security measures. Frequently engaging with current customers, and aspirational customers to better understand their needs. ◆ Offering consumers some training and tips on the use of new technologies for accessing the Company's services.
Operational Risks	
<p>Operational Risk</p> <p>Operational risk is an inherent risk of carrying out 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.</p> <p>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 hinges on how well risk management is implemented by the Company. In addition, the choice of technology, method and suppliers also plays a part in operational risk factors that can affect the Company.</p>	<ul style="list-style-type: none"> ◆ Extensive IT Policy enforcement, controls, and regular reviews. ◆ Installation of a comprehensive network security system. ◆ Regular backups of all databases and mission-critical data and information. ◆ Periodic security reviews are conducted, and recommendations given by the external IT risk assessment team for further improvements. ◆ The use of licensed software to void IT bugs and other data losses. ◆ Regular maintenance of IT hardware. ◆ Investment in modern technology. ◆ Upscaling knowledge through training and development.

Risk Management Review

Identified Risks	Risk Mitigating Activities
Credit Risk Credit risk relates to the potential losses arising from the failure of customers and business partners to perform contractual agreements with the Company by way of default.	<ul style="list-style-type: none"> ◆ Undertake a comprehensive review of the supplier before credit is granted or extended. ◆ Enter into a credit agreement before granting credit to agents. ◆ Request an initial deposit from agents. ◆ Credit periods are pre-defined based on type of customer or agent and the length of their relationship with the Company. ◆ Monthly trade receivable updates are mandatory to be reported to the Board of Directors. ◆ Disallowing credit facility for new agents in their initial with the Company. Granting credit facilities, thereafter, based on the recommendation of marketing executives.
Liquidity Risk Liquidity risk relates to the inability or difficulties the Company may face in meeting its financial obligations as they become due without affecting normal business operations.	<ul style="list-style-type: none"> ◆ The liquidity position of the Company is reviewed regularly. ◆ The Company maintains good relationships with bank to enable meeting any short-term funding requirements. ◆ Company cash reserves have been invested in short term fixed deposits, call deposits, and treasury bills. ◆ Period review of, and regular follow-up with trade debtors ◆ Strategically planning future funding requirements and utilization of short-term borrowing facilities. ◆ Ability to offer Company assets as collateral for future funding requirements.
Human Resource Risk The risk associated with losing talented employees and an environment of unpleasant employee-management relations.	<ul style="list-style-type: none"> ◆ The Company maintains a fair and transparent employee performance evaluation framework. ◆ Maintaining an open-door policy and encouraging employees to talk to their managers without fear of repercussions. ◆ Providing employment benefits aligned to industry standards. ◆ Remuneration packages are benchmarked to ensure that they remain competitive, including incentive arrangement where appropriate. ◆ Providing various employee benefits through the welfare society set-up for this purpose by the Company. ◆ Providing opportunities for employees to participate in online/remote training programs.

Identified Risks	Risk Mitigating Activities
Health and Safety Risks <p>The risk associated with the spread of COVID-19 resulting in increased exposure to the virus by employees, customers, and other stakeholders.</p>	<ul style="list-style-type: none"> ♦ Introducing work from home and a working roster system to protect employees for protection of work force. ♦ Implementing COVID-19 prevention safeguards such as social distancing, hand sanitising facilities, mandatory wearing of a facemask, etc., at the office premises for employees and other visitors. ♦ Random selection of employees to undergo PCR testing on a weekly/monthly basis.
Environmental Risk <p>The impact of the Company's business operations on the environment due to business growth, adoption of technology, and business diversification.</p>	<ul style="list-style-type: none"> ♦ Putting in place reduce, reuse, and recycle measures to manage use of resources such as water, energy, and paper in the day-to-day business operations. ♦ Educating employees on good practices to conserve non-renewable natural resources. ♦ Identifying how the diversification of services such as adding audio/video consultations, drug delivery can have an environmental impact (both positive and negative)
Compliance Risks	
Legal Risk <p>Legal risk results from any adverse impact to business from the legal or regulatory framework which governs the Company and its transactions with third parties. Regulatory risks relate not only to general laws and regulations on business operations, but also to local regulations and agreements relating to construction operations and taxation as applicable to the different markets the Company operates in.</p>	<ul style="list-style-type: none"> ♦ Maintaining a proper internal control system to ensure compliance with all legal requirements. ♦ Monthly compliance monitoring and mandatory reporting to the Board of Directors. ♦ Being proactive in identifying any potential deficiencies and consequently setting-up compliance process to eliminate the possible threats. ♦ Regular communications with company lawyers and incorporating their recommendations on corporate matters to counter any adverse effects to the business activities of the Company.
Regulatory Risk <p>The risk associated with changes in laws and regulations will materially impact the Company's business operations, financial compliance, information security, technology usage, governance, and marketing and promotional activities. As such keeping abreast of such changes is mandatory to operate a successful and ethical business operation.</p>	<ul style="list-style-type: none"> ♦ Adopting a sound corporate governance structure and practices to align with industry best practices. ♦ Regularly reviewing and adapting changes to laws and regulations. ♦ Maintaining an up-to-date compliance calendar. ♦ Monthly monitoring mechanisms to catch and resolve any issues at the outset. ♦ Adoption of voluntary standards of best practices when undertaking marketing and promotional activities.

Corporate Governance

The Board of Directors of eChannelling PLC is fully aware and committed to implement governance standards which confirms to best practices. The Company strongly believes that the integrity, transparency and accountability 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.

The Company's governance frameworks, policies and procedures are aligned with all relevant statutory requirements while embracing industry and international best practices.

Corporate Governance Framework

In pursuit of achieving high standard of Corporate Governance the Board ensures the compliance of the following internal and external steering instruments;

Internal steering instruments	External steering instruments
Company's comprehensive policy framework	Listing Rules of the Colombo Stock Exchange (CSE)
Articles of Association	Code of Ethics jointly issued by the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
Code of Ethics	Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
Risk Management Framework	Companies Act No. 7 of 2007 of Sri Lanka (Companies Act)
Terms of Reference of Sub-committee.	GRI Standards for Sustainability reporting issued by the Global Reporting Initiative

The following diagram 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.



The Company

A. Directors

Composition of the Board of Directors

The Board of eChannelling PLC comprise six Directors with two of them being Independent Directors.

As evident from the profiles of Board of Directors, eChannelling PLC Board comprise 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.

Name	Board Skills	Appointed Date
Mr. Rohan Fernando	Marketing & General Management	07th February 2020
Mr. Lawrence Paratz	Engineering & General Management	26th September 2016
Mr. Lalith Seneviratne	Engineering & General Management	07th February 2020
Mr. Sudharshana Geeganage	Engineering & finance Management	06th April 2017
Mr. D.J. Stephen	Marketing & Soft Skilled Development	26th September 2012
Mr. Sampath Hettiarachchi	Finance & Risk Management	01st May 2013

Responsibilities of the Board

The Board is responsible for 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
- ♦ Monitoring 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 and attendance

Board meetings are held at least once a quarter to review the strategic direction of the operational units, annual budgets, progress towards achieving the budget, key business risks and other matters. Adhoc meetings are held as and when required.

The members of the Board dedicate adequate time and effort in discharging their duties and responsibilities towards the Company. In discharging their duties, Directors obtain independent professional advice from external parties when required at the expense of the Company. During the period under review professional advice was sought on legal, accounting and tax matters.

The Board has delegated some of its functions to its sub-committees, while retaining the rights for final decision pertaining to matters under the purview of the Committees. The composition and the functions of these sub-committees are discussed in detail under the relevant sections of this Report.

Corporate Governance

Company Secretary

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board in ensuring that proper Board procedures are followed and applicable rules and regulations are complied with.

Independent Directors

Two Non - Executive Directors are considered independent. These Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement

Independence of the Directors have been determined in accordance with the criteria set out in the Continuing Listing Rules of the CSE.

The Independent Directors have submitted written Declarations of their independence as required by section 7.10.2(b) of the Listing rules.

Name of Director	Shareholding	Management/ Director *	Material Business Relationship **	Employee of Company ***	Family Member of Director or CEO	Years of Continuous Service
Mr. D.J. Stephen	None	Director	None	None	None	8
Mr. Sampath Hettiarachchi	None	Director	None	None	None	7

* Director of a listed Company in which they are employed, or having a significant shareholding with voting rights more than 10% of total or have a business connection where the transaction value is equivalent to or more than 10% of the turnover of the Company.

** Income non cash benefits derived from Company equivalent to 20% of annual income

***Employed by Company two years immediately preceding appointment

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.

Chairman's Role

The Chairman ensures;

- ♦ 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, within their respective capabilities for the benefit of the Company.
- ♦ 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;

- ♦ 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

Financial Acumen

The Board includes directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters. The Audit Committee and Related Party Transaction Review Committee are headed by a qualified financial professional.

Board Balance

The Board of eChannelling PLC currently comprises six Directors. Two of the six Non-Executive Directors have met the criteria for independence.

Supply of Information

The Board is provided with appropriate and timely information to discharge its duties. The Directors are also entitled to request for

additional information where they consider such information necessary to make informed decisions. The Agenda for the Board Meetings and connected discussion papers are circulated to the Directors at least seven days in advance to facilitate the effective conduct of the Meeting

Appointments to the Board

The appointments to the Board is made collectively, with the consent of the Directors taking into consideration the Board composition and the strategic input required.

On appointment of a new Director, the Company communicates to the CSE a brief profile of the Director which includes the nature of their experience in the relevant functional areas, other directorships or membership in Board sub committees and whether the Director is considered "independent".

Re-election

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

The Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re- appointment by the shareholders at that meeting. One third of the Directors other than the Chairman and Executive Director retire by rotation at each AGM in conformity with the Articles of the Company.

Directors who retire are those who have served for the longest period after their re-appointment/re-election.

In terms of Section 210 of the Companies Act No. 7 of 2007, a Director who has reached 70 years of age vacates office at the AGM held after he attains the age of 70 years. A Director who has reached the Age of 70 years may be re-appointed in terms of Section 211 of the Companies Act.

Disclosure of Information in respect of Directors

The biographical details of the Directors, nature of expertise in relevant functional areas, membership in Board Sub-Committees, attendance at Board and Sub-Committee Meetings, other directorships and Director's Interest in Contracts are disclosed under the relevant sections in the Annual Report.

The table below provides a record of the Directors' individual attendance at Board and Sub-Committee Meeting

Corporate Governance

Director	Board Meeting	Audit Committee	Remuneration Committee	Related party transactions Committee
Mr. Rohan Fernando	3/4	-	-	-
Mr. Lalith Senevirathne	4/4	-	-	-
Mr. Lawrence Paratz	4/4	-	-	-
Mr. Sudharshana Geeganage	4/4	5/6	-	4/4
Mr. Nalin Perera	4/4	-	-	-
Mr. D.J. Stephen	3/4	5/6	1/1	3/4
Mr. Sampath Hettiarachchi	4/4	6/6	1/1	4/4

Board functions are supported by information technology enabling Board members to access Board papers via secure connections and participate at meetings remotely.

B. Directors' Remuneration

Remuneration procedure

The Board has appointed a Remuneration Committee to make recommendation to the Board within the agreed Terms of Reference, on the Company's remuneration to the Chairman and the Directors and set guidelines for the remuneration of the management staff. The remuneration Committee consists the following members

- ♦ Mr. Sampath Hettiarachchi, Chairman (*Independent Non -Executive Director*)
- ♦ Mr. D J Stephen, Member (*Independent Non -Executive Director*)

In terms of the Articles of the Company, the Board determines the fees payable to the Chairman and the Directors.

Level and Make-up of Remuneration

The Committee ensures that the remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted, as and when necessary, to ensure that the remuneration is competitive with those of comparative companies.

Disclosure of Remuneration

The Remuneration Policy supports a strong performance-oriented culture and ensures that individual rewards and incentives relate directly to the performance of the individual, the

operations and functions for which they are responsible.

The aggregate remuneration paid to the Executive and Non – Executive Directors are disclosed in Note. 7 of the Financial Statements.

C. Relations with Shareholders

Constructive use of the AGM and conduct of General Meetings

The AGM is used for the constructive engagement with the shareholders. The Notice of Meeting, the Form of Proxy and the Annual Report including the Financial Statements are sent to the shareholders 15 working days prior to the Meeting as required by the Companies Act, No. 7 of 2007.

The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. The procedure for voting at the General Meeting is circulated along with the Notice of Meeting.

A separate Resolution is proposed for each separate agenda item at the AGM and in particular a resolution relating to the adoption of the reports and accounts.

The Chairpersons of the Board Sub-Committees are present at the AGM to answer any questions raised by the Shareholders if so requested by the Chairman.

Communication with Shareholders

The Company disseminates information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. An announcement is also made to the CSE on any information which may materially affect the share performance.

The Company Secretary could be contacted in relation to any shareholder matters.

Major and Material Transactions

The Directors ensure that any corporate transaction that would materially affect the net asset base of the Company is communicated to the Shareholders. There were no major transactions as defined under Section 185 of the Companies Act during the year under review.

The Company has not carried out materially significant related-party transactions or relationships between the Company and the Directors, subsidiary companies or related parties except for those disclosed in the Financial Statements for the year ended 31st December 2020.

D. Accountability and Audit

Financial Reporting

The Board recognizes its responsibility to present a balanced and understandable assessment of the Company's financial position, performance and prospects in accordance with the requirements of the Companies Act. The Financial Statements included in the Annual Report are prepared and presented in accordance with the Sri Lanka Accounting Standards, comprising SLFRSs and LKAs.

The following specialised information requirements are also included in this Annual Report.

- ♦ Chairman's Review is given on pages 4 to 7.
- ♦ The Statement of Directors' Responsibility for Financial Reporting is given on page 71.
- ♦ The Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st December 2020 is given on page 77 to 79.

Risk Management and Internal Controls

The Board is responsible for the effectiveness of the internal controls. The effectiveness of the system of internal control is reviewed regularly by the Audit Committee and major observations are reported to the Board. The Board review the reports arising from internal audits. The

Director's Report on page 74 includes a declaration on compliance with laws and regulations, review of the internal controls covering risk management and compliance controls and that they have obtained reasonable assurance of their effectiveness and compliance.

Audit Committee

The Board has established an Audit Committee which has oversight responsibility for considering how they should select and apply accounting policies, financial reporting and internal control principals and maintaining an appropriate relationship with the external 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 the following:

- ♦ Mr. Sampath Hettiarachchi, Chairman (*Independent Non Executive Director*)
- ♦ Mr. D J Stephen, Member (*Independent Non Executive Director*)
- ♦ Mr. Sudarshana Geeganage, Member (*Non Independent Non Executive Director*)

Corporate Governance

The General Manager, Senior Manager Finance and the senior management members of the company and parent company attend the meetings on invitation.

The Audit Committee Report is given on the pages 66 to 67 of this report.

Related Party Transactions Review Committee

The Board has established a Related Party Transactions Review Committee comprising the following members.

- ♦ Mr. Sampath Hettiarachchi, Chairman (*Independent Non Executive Director*)
- ♦ Mr. D J Stephen, Member (*Independent Non Executive Director*)
- ♦ Mr. Sudarshana Geeganage, Member (*Non Independent Non Executive Director*)

The Terms of Reference of the Committee has been approved by the Board.

Code of Business Conduct & Ethics

The Company has adopted a Code of Business Conduct and Ethics and the Directors and Members of the Senior Management are committed to the code and the principles contained therein.

The Chairman of the Board affirms that there was no material violations of any of the provisions of stipulated in the Code of Conduct. In instances where violations did take place, they were investigated

and handled through well established procedures.

Corporate Governance Disclosures

The Corporate Governance Report set out on pages 56 to 65 describes the extent to which the Company adheres to established principles and practices of good governance.

eChannelling PLC is fully compliant with the requirements stipulated in Section 7.10 of the Listing Rules on “Corporate Governance” issued in 2010 and subsequent amendments/ guidelines thereto.

The Company has also given due consideration to the best practices on the Code of Best Practice on Corporate Governance issued by the ICASL and SEC jointly in 2017.

Sustainability reporting

This Annual Report has been prepared in accordance with the Integrated Reporting Framework published by the IIRC and sustainability reporting is in line with the GRI criteria.

E. Institutional Investors

Shareholder Voting

All shareholders are invited for AGM. The Company uses the AGM 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 are encouraged to give due weight to all relevant factors drawn to their attention.

Evaluation of Governance Disclosures

Institutional and individual shareholders are provided adequate financial information and other price sensitive and strategic information on the website of the company to enable them to take decisions regarding their investments. Annual Reports are circulated to all registered shareholders within prescribed timelines. Shareholders are also able to contact the Company Secretary for obtaining further information/ clarifications. Institutional investors are encouraged to give due consideration to matters relating to the governance arrangements, particularly relating to the structure and composition of the Board.

F. Other Investors

Investing/Divesting Decision

Individual Investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. Information is disseminated to all shareholders. Any information that the Board considered as price sensitive is disseminated to the shareholders by way of announcements to the CSE.

Shareholder Voting

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

The following table illustrates the extent of the Company's compliance with the Rules on Corporate Governance issued by the CSE.

Corporate Governance Principle				
Rule No	Governance Principle	Requirement status	Compliance	Details
7.10.1. (a) (b) (c)	Non Executive Directors	Two or one third of the total no. of directors shall be non-executive directors whichever is higher	Complied	As at 31st December 2020 of six out of seven 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	The Board comprise of two Independent Directors as at the 31st December 2020
7.10.2. (b)	Independent Directors	Each Non-executive director should submit a declaration of independence in the prescribed format	Complied	All non executive Directors have submitted their declaration of independence.
7.10.3. (a)	Disclosure relating to Directors	The Board shall make a determination annually as to the independence and non independence of the non-executive directors. Names of independent Directors should be disclosed in the Annual Report	Complied	The names of the independent Directors are disclosed on pages 8 and 11 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 is shall specify the basis of the determination in the Annual Report	Complied	The independent directors comply with the criteria of independent.
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	Profiles of the Directors are provided on pages 9 to 11 of the Annual Report.
7.10.3 (d)	Disclosure relating to Directors	Upon appointment of a new director, the entity shall forthwith provide to the CSE a brief resume of such director	Complied	A brief resume of a newly appointed Director is provided to the CSE with the announcement of the appointment.

Corporate Governance

Rule No	Corporate Governance Principle	Requirement status	Compliance	Details
7.10.5 (a)	Composition of Remuneration Committee (RC)	RC shall comprise a minimum of two Independent non executive directors or non -executive directors, majority whom shall be independent whichever is higher	Complied	RC consists of two independent Directors
7.10.5 (b)	Functions	RC shall recommend the remuneration payable to the executive directors and CEO.	Complied	Please refer page 68 for the functions of the RC
7.10.5 (c)	Disclosures in the Annual Report	The Annual Report should set out the names of the members of the RC, contain statement of the remuneration policy and set out the aggregate remuneration paid to non executive directors	Complied	The members of the RC, remuneration policy and the aggregate remuneration paid to non -executive directors are disclosed in the relevant sections of the annual report.
7.10.6 (a)	Composition of the Audit Committee (AC)	AC shall comprise a minimum of two Independent non executive directors or non-executive directors, majority whom shall be independent whichever is higher	Complied	AC comprise of two independent Directors and one Non Executive Directors. The Chairman of the AC Independent Director and a member of a recognized accounting body.
7.10.6 (b)	Functions	<ul style="list-style-type: none"> ♦ Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statement. ♦ Overseeing the entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant regulations. ♦ Overseeing the process to ensure that the entity's internal controls and risk management are adequate to meeting requirement of the Sri Lanka Auditing Standards ♦ Assessment of the independence and performance of the external auditors. ♦ Make recommendation to the Board pertaining to the appointment, re-appointment and removal of external auditors. 	Complied	Please refer AC report on pages 66 and 67.

Rule No	Corporate Governance Principle	Requirement status	Compliance	Details
7.10.6 (b)	Disclosures in the Annual Report	Names of the members, basis of determination of the auditors, and Report of Audit Committee	Complied	Please refer the Audit Committee Report on page 66.
9.2.1 and 9.2.3	Related Party Transactions Review Committee (RPT-RC)	The Company shall appoint a RPT-RC and all transactions except transactions set out in Rule 9.5 of the Listing Rules should be reviewed Committee	Complied	The Board has appointed a RPT-RC. The function of the committee are stated in the RPT RC Report on pages 69 and 70.
9.2.2	Composition	Combination of non-executive directors and independent non executive directors	Complied	Please refer page 58 of this report for the composition
9.2.4	Meetings	Committee should meet atleast once a calendar quarter	Complied	Please refer page 60 of this report.
9.3.2 (a) (b)	Disclosure in Annual Report	Disclosure of non recurrent and Recurrent related party transactions	Complied	There were no non recurrent or recurrent related party transactions that required disclosure in the Annual Report
9.3.2. (c)	Report of the RPT-RC	Annual Report should contain a Report by the RPT-RC	Complied	The RPT-RC report is given on pages 69 and 70.
9.3.2. (d)	Declaration by Directors	The Directors should declare the compliance with the Rules pertaining to Related Party Transactions	Complied	Please refer the Annual Report of the Board of Directors for an affirmative statement of compliance by the Director.

Audit Committee Report

Composition of the Audit Committee

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

Mr. S A Hettiarachchi

Chairman

Mr. D J Stephen

Mr. K G D Shudharshana

Brief profiles of each member are given on pages 10 to 11 of this 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 within the committee's purview.

The Company Secretary acts as the Secretary to the Audit Committee.

Regular Attendees by Invitation

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

Mr. S G Haputhanthri

General Manager

Mr. A R R D Alahakoon

Senior manager Finance

Mr. M Hewage

Manager Operation

Ms. A P S Amarasinghe

Senior manager

Information system

Mr. A A Ahamed

Senior Manager IT

Infrastructure

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 the Colombo Stock Exchange and "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 Audit Committee.

Meeting of Audit Committee

The Committee met six times during the year under review. External Auditors were present at discussions 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, nonaudit services and recommending to the Board on reappointment 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 non-audit 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 continue as Auditors for the financial year ending 31st December 2021.

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 recommendations to the Board of Directors.

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

The committee has pursued the support of Messrs KPMG to assess and review the existing SLFRS policies and Procedures adopted by the company.

On behalf of the Audit Committee.



Sampath Hettiarachchi
Chairman Audit Committee

09th March 2021

Remuneration Committee Report

Composition of the Committee

The Board appointed Remuneration Committee of the Company comprised of two Independent, Non-Executive directors, whose profiles appear on page 11 of this Report.

Mr. S A Hettiarachchi

Chairman

Mr. D J Stephen

The committee members possess experience in the fields of management and human resources.

General Manager, Senior Manager Finance and senior management members of the parent Company assist the committee by providing relevant information and participating 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 Statutes in relation to remuneration relating to directors.

The Scope of the Committee

The Committee is mandated to formulate the remuneration policy of the Company and recommend to the Board of Directors any matter related to the following;

- ♦ Determining the compensation of the Chairman and Directors and ensuring that no Director is involved in setting his or her own remuneration.
- ♦ Formulate guidelines, policies and parameters for the compensation structures for all executive staff of the company.
- ♦ Review information 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 for eChannelling

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

Activities During the Year

The Remuneration Committee met once during the year and the proceedings of the meetings have been reported to the Board of Directors in adequate detail.

Attendance at Committee meetings is given on page 60 of this Annual Report. During the year, the Committee reviewed and approved the Rewards and benefits policy of the Company, which covers all aspects related to employee remuneration as described above.

Aggregate Remuneration paid to Non-Executive Directors

The aggregate remuneration paid to the Non-Executive Directors is given on Note 7 to the Financial Statement.

On behalf of the Remuneration Committee.



Sampath Hettiarachchi

Chairman Remuneration Committee

09th March 2021

Related Party Transactions Review Committee Report

Composition of the Committee

As required by the Securities and Exchange Commission of Sri Lanka (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 ensure, 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 and one Non-Independent Non-Executive Director. The Committee comprised of the following members;

Mr. S A Hettiarachchi

Chairman

Mr. D J Stephen

Mr. K G D Sudharshana

Brief profiles of each member are given on pages 10 to 11 of this report.

Company Secretary acts as the Secretary to the Related Party Transactions Review Committee. The meetings were attended by the General Manager, Senior Manager Finance and senior management members of the parent company on invitation.

Role of the Committee

The Committee assists the Board in reviewing all related party transactions carried out by the Company. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange on Related Party Transactions and with the Code of Best Practices on Related Party Transactions issued by the SEC.

Policies and Procedures

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

Mandate and Responsibilities

- ♦ 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.
- ♦ Recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- ♦ 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.
- ♦ Review the transfer of resources, services, or obligations between related parties regardless of whether a price is charged.
- ♦ Review the economic and commercial substance of both recurrent /non recurrent related party transactions.
- ♦ Monitor and recommend 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.

Related Party Transactions Review Committee Report

Related Party Transactions during the Year

During the year 2020, the Committee met four times and the Committee reviewed all the related part transactions and the nature of the such transactions at its meetings and communicated the observations and recommendations of the Committee to the Board of Directors. Attendance at Committee meetings is given on page 60 of this Annual Report.

The following types of related party transactions at Sri Lanka Telecom PLC and Mobitel (Pvt) Ltd are brought to the attention of the Board;

- ♦ Services provided and payments made to related parties
- ♦ Assets purchased and payments made to related parties
- ♦ Review of such transactions and determining whether to permit or prohibit the transaction

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- ♦ There is compliance with the code;
- ♦ Shareholder interests are protected; and

- ♦ Fairness and transparency are maintained

During the year there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year is disclosed in Note 24 to the Financial Statements.

Declaration

A declaration by the Board of Directors in the Annual Report as a negative statement to the effect that no related party transaction falling within the ambit of the rule 9.3.2 of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the year, is given in the Report of Directors on page 73. All other related party transactions that could be classified as related party transactions in terms of LKAS 24-'Related Party Disclosures', are given in Note 24 to the Financial Statements.

On behalf of the Related Party Transactions Review Committee.



Mr. S A Hettiarachchi
Chairman Related Party Transactions
Review Committee

09th March 2021

Statement of Directors in relation to their responsibility for the preparation of Financial Statements

The responsibility of the Directors in relation to the Financial Statements of the Company is set out in the following statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ("the Act"), is set out in the Independent Auditors' Report from pages 77 to 79.

The Financial Statements comprise:

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

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

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

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

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

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

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

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

Audit Committee to discuss any matter of substance.

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

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

Compliance report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the Reporting date have been paid, or where relevant provided for, except as specified in Note 26 to the Financial Statements covering contingent liabilities.

By Order of the Board
eChannelling PLC



Geredene Suares
Company Secretary

09th March 2021

Report of Directors

The Board of Directors are pleased to present their Report on the Affairs of the Company together with the Audited Financial Statements of the Company for the period ended 31st December 2020. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007 and the Listing Rules of Colombo Stock Exchange ("CSE").

Review of the Business

The Chairman's Review describe the financial and operational performance of the Company during the year under review and the future business developments.

Principal Activity

The principal activity of the Company is to provide information infrastructure for the healthcare industry. The software system provides an efficient mechanism for channelling of medical practitioners and the company also provides Hospital information system which supports the efficient operation of hospitals.

Financial Statements

The Financial Statements of the Company, duly certified by the Senior Manager Finance and approved by two Directors in compliance with sections 152, 153 and 168 of the Companies Act are given from pages 80 to 122 of this Report.

Auditors' Report

The Auditor's report on the Financial Statements of the Company is given on pages 77 to 79 as required by section 168 (1) (c) of the Companies Act.

Accounting Policies

The Financial Statements of the Company has been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka which were in effect up to the reporting date. The significant accounting Policies adopted by the Company in preparing the Financial Statements are set out from page 84 to 99.

Board of Directors

The names of the persons who held office as Directors of the Company during the financial year ended 31st December 2020 are given below:

Mr. Rohan Fernando	Chairman/ Non-Independent Non - Executive Director
Mr. Nalin Perera	Executive Director
Mr. Sudharshana Geeganage	Non - Independent Non - Executive Director
Mr. Lalith Seneviratne	Non - Independent Non - Executive Director
Mr. Lawrence Paratz	Non - Independent Non - Executive Director

Mr. Sampath Hettiarachchi	Independent Non - Executive Director
Mr. Dallas Stephen	Independent Non - Executive Director

The profiles of the Directors are set out in the 'Board of Directors' section of the Annual Report.

Mr. Nalin Perera resigned from the Board of Directors with effect from 14 March 2020.

Messrs. Lawrence Paratz and Sampath Hettiarachchi who have been longest in office since their last re-election, retire by rotation in terms of Article 86 and 87 of the Articles of Association of the Company and being eligible offer themselves for re-election.

Board Sub-Committees

In terms of Section 186 of the Companies Act, the Articles of Association of the Company and the Listing Rules of the CSE. The following sub-committees have been appointed by the Board;

- ♦ Audit Committee
- ♦ Remuneration Committee
- ♦ Related Party Transactions Review Committee

The composition of these Board Sub-Committees and its functions are given under 'Corporate Governance' and the related sub-committee reports.

Directors' Shareholding

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

Director's Remuneration and Other Benefits

The remuneration paid to the Directors by the Company for the financial year ended 31st December 2020 is given in Note 7 to the Financial Statements as required by section 168 (1) (f) of the Companies Act.

Directors' Interest in Contracts

The Directors have no direct or indirect interest in any contracts or proposed contract with the Company for the financial year ended 31 December 2020, other than those disclosed on pages 113 and 114 of the Annual Report. The Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested.

Interest Registers

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

Related party transactions

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

The Company has not carried out any transactions during the financial year ended 31 December 2020 which require disclosure in the Annual Report as per Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive Issued under Section 13(c) of the Securities and Exchange Commission Act.

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

The RPT - RC Report is set out on pages 69 to 70 of this Report.

Corporate Donations

The Company has not made any donations during the financial year for charitable or political purposes. (2020 – Nil)

Investments

Details of investments held by the Company are disclosed in Note 17 and 18 to the Financial Statements.

Intangible Assets

An analysis of the Intangible Assets of the Company, additions, impairment and amortisation charged during financial year are set out in Note 13 to the Financial Statements.

Property, Plant and Equipment

The movement in Property, Plant and Equipment during the year are set out in Note 11 to the Financial Statements.

Capital Commitments

The Company has not made any material capital commitments during the financial year that would require disclosures in the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31 December 2020 was LKR 93,758,316 dividend into 122,131,415 ordinary shares. There was no change in the stated capital of the Company during the year under review.

Report of Directors

Status of Compliance to the Minimum Public Holding requirement of the Listing Rules

The Company complies with option 2 of the Listing Rule 7.13.1 (b) which requires a minimum public holding of 10%.

No. of shares held by the public	Float adjusted Market capitalization	Public holding percentage	No of public shareholders
15,156,797	107,613,259	12.41%	1,182

Reserves

Retained earnings as at 31st December 2020 amount to LKR 196,681,931/- (2019 – LKR 165,918,667) The movements is shown in the Statement of Changes in Equity in the Financial Statements.

Events Subsequent to the Reporting Date

There have been no material events occurring after the Balance Sheet Date that would require adjustments in the Financial Statements other than as disclosed in Note 27 to the Financial Statements.

Going Concern

The Board having considered the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, have a reasonable expectation that the Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company continues to adopt the 'Going Concern basis' in preparing the Financial Statements.

Employment Policies

The Company identifies Human Resource as one of the most important factors contributing to the continuation and growth of the Company in the current competitive business environment. The Company while appreciating and valuing the service of the employees make a greater effort 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 09 to the Financial Statements.

Risk Management and Internal Controls

The Directors are responsible for the Company's system of internal controls covering financial operations and risk management activities and review its effectiveness in accordance with the provisions of the corporate governance framework.

The Directors consider that the system is appropriately designed to manage the risk and to provide reasonable assurance against material misstatement or loss. The Directors further confirm that there is an on-going process to identify, evaluate and manage significant business risks.

Statutory Payments & Compliance with Laws and Regulations

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 paid or provided for in the Financial Statements.

The Board believes that to the best of their knowledge, the Company has not engaged in any activity which contravenes laws and regulations. There have been no irregularities involving Management or employees, that could have any material financial effect or otherwise.

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

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.

Impact of COVID 19 pandemic

The COVID-19 pandemic had a direct impact on its business mainly due to restrictions to public movement and private hospitals operating on a reduced scale to limit public interaction and provide services in essential cases.

Due to limitations in physical meetings and interactions between doctors and patients, eChannelling's ordinary business model has been effected driving down its revenue drastically. The management of the Company took immediate action to mitigate the above risk and its impact and to diversify eChannelling's business which will have short and long term impact. The Company activated new wave of innovation and considered to move its business towards technology allowing its customers to use digitalized environment to fulfill their needs such as introduction of audio and video consultation with Consultants.

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 2020.

Auditors

The Financial Statements for the period ended 31st December 2020 have been audited by Messrs KPMG, Chartered Accountants, who express their willingness to continue in office.

The Directors recommend to the shareholders the re-appointment of Messrs KPMG, as Auditors of the Company for the ensuing year. 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 fees paid to the Auditors for the services rendered during the period under review are as follows:

	2020 LKR	2019 LKR
Audit Fees	385,000	385,000
Non – Audit Fees	163,047	120,256

Based on the written representations made by the Auditors the Directors are satisfied that the Auditors had no interest or relationship with the Company other than that of External Auditors.

Annual General Meeting

The AGM will be held at 12.30 pm. on 23 April 2021 at the Lotus Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Baudhdhaloka Mawatha, Colombo 07. The Notice of the Annual General Meeting appears on page 128 of the Annual Report.

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



Rohan Fernando
Chairman



Lalith Seneviratne
Director



Geredene Soares
Company Secretary

18th March 2021



Financial Statements

Independent Auditor's Report



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

Tel : +94 - 11 542 6426
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Internet : www.kpmg.com/lk

To the Shareholders of e-Channelling PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of e-Channelling PLC ("the Company"), which comprise the statement of financial position as at 31st December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 84 to 122 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

Principals - S.R.I. Perera FCMA(UK), LL.B. Attorney-at-Law, H.S. Goonewardene ACA
Ms. P.M.K. Sumanasekara FCA

Independent Auditor’s Report



Revenue recognition	
Refer the Accounting Policies in Note 3.5.1. to the financial statements	
Risk Description	Our Responses
Revenue is recognized predominately from the operational system of e-Channelling. Initiating & recording customer channeling transactions are initially recorded in the e-Channelling system and from which revenue reports are generated. Based on these reports financial information including revenue are recorded in the general ledger manually. Revenue recognition, including the existence and accuracy of revenue, is considered as a key audit matter because of the inherent risks involved in revenue and the significant reliance on the e-Channelling operational system.	<p>Our audit procedures included;</p> <ul style="list-style-type: none">♦ Involving our internal IT specialists, in evaluating the design, implementation and operating effectiveness of key internal controls over the capturing and recording of e-Channelling transactions in the system.♦ Comparing the monthly manual journal entries relating to the aggregate revenue balance recorded in the accounting system with reports generated by the IT system.♦ Selecting a sample of revenue transactions, comparing the details therein with the corresponding trade receivables and/or cash receipts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this

other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably



be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

Chartered Accountants
Colombo, Sri Lanka

17th March 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December

	Note	2020 Rs.	2019 Rs.
Revenue	5	130,061,513	130,197,702
Cost of sales		(24,846,842)	(26,843,482)
Gross Profit		105,214,671	103,354,220
Other income	6	1,030,714	560,733
Administrative expenses		(70,924,284)	(84,232,050)
Selling and distribution expenses		(12,309,088)	(18,051,992)
Operating profit	7	23,012,013	1,630,911
Finance Income		18,254,170	23,435,358
Finance Expenses		(1,123,645)	(2,625,407)
Net finance income	8	17,130,525	20,809,951
Profit before tax	7	40,142,538	22,440,862
Income tax expense	9	(10,139,917)	(7,428,028)
Profit for the year		30,002,621	15,012,834
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	21.4	1,056,449	864,402
Related tax		(295,806)	(242,033)
Equity Investment at FVOCI-net change in Fair Value		239,453	345,607
Other Comprehensive income for the year, net of tax		1,000,096	967,976
Total Comprehensive income for the year		31,002,717	15,980,810
Earnings Per Share	10	0.25	0.12

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st December

	Note	2020 Rs.	2019 Rs.
ASSETS			
Non Current Assets			
Property, plant & equipment	11	8,594,915	9,143,476
Right-of-use assets	12	7,201,314	17,990,615
Intangible assets	13	1,798,962	2,307,584
Deferred tax assets	14	6,051,543	2,753,177
Total Non Current Assets		23,646,734	32,194,852
Current Assets			
Inventories	15	264,805	719,255
Trade and other receivables	16	71,208,285	53,502,969
Amounts due from related parties	24.2	51,950,613	31,306,508
Short term investments	17	232,097,205	214,569,165
Equity Investments at FVTOCI	18	2,387,824	2,148,371
Current tax receivable		-	1,746,505
Cash & cash equivalents	19	10,685,228	13,099,885
Total Current Assets		368,593,960	317,092,658
Total Assets		392,240,694	349,287,510
EQUITY AND LIABILITIES			
Equity			
Stated capital	20	93,758,316	93,758,316
Retained earnings		196,681,931	165,918,667
Fair value through OCI reserve		819,014	579,561
Total Equity		291,259,261	260,256,544
Non Current Liabilities			
Retirement Benefit Obligations	21	7,767,915	7,337,480
Lease liabilities	22	8,025,855	12,283,769
Total Non Current Liabilities		15,793,770	19,621,249
Current Liabilities			
Trade and other payables	23	76,646,287	55,746,254
Lease liabilities	22	1,355,099	12,330,168
Amounts due to related parties	24.3	293,393	1,333,295
Current tax liabilities		6,892,884	-
Total Current Liabilities		85,187,663	69,409,717
Total Liabilities		100,981,433	89,030,966
Total Equity & Liabilities		392,240,694	349,287,510

The Accounting Policies and Notes form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared in compliance with the requirements of Companies Act, No 07 of 2007.



A.R.R.D. Alahakoon

Senior Manager Finance

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 Directors of eChannelling PLC;



Rohan Fernando

Chairman



Lalith Seneviratne

Director

09th March 2021

Colombo

Statement of Changes in Equity

	Notes	Stated Capital Rs.	Fair value through OCI Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2019		93,758,316	233,954	150,283,464	244,275,734
Total Comprehensive income for the year					
Profit for the year				15,012,834	15,012,834
Other comprehensive income					
♦ Actuarial gain arising from defined benefit obligation, net of tax	21	-	-	622,369	622,369
♦ Fair value gain of investments valued at FVTOCI	18	-	345,607	-	345,607
Balance as at 31 December 2019		93,758,316	579,561	165,918,667	260,256,544
Balance as at 01 January 2020		93,758,316	579,561	165,918,667	260,256,544
Total Comprehensive income for the year					
Profit for the year		-	-	30,002,621	30,002,621
Other comprehensive income					
♦ Actuarial gain arising from defined benefit obligation, net of tax	21	-	-	760,643	760,643
♦ Fair value gain of investments valued at FVTOCI	18	-	239,453	-	239,453
Balance as at 31 December 2020		93,758,316	819,014	196,681,931	291,259,261

The Accounting Policies and Notes form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31st December

	Note	2020 Rs.	2019 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	7	40,142,538	22,440,862
Adjustments for :			
Depreciation on property, plant equipment	7	8,419,941	7,487,532
Ammortization of right-of-use asset	12	2,057,518	3,997,915
Amotization on intangible assets	13	998,622	497,368
Provision for employee benefits excluding actuarial gain/(loss)	21.3	1,486,884	1,698,038
Dividend income	6	(346)	(21,609)
Interest income	8	(18,254,170)	(23,435,357)
Interest expence	8	1,123,645	2,625,407
Fixed assets disposal profit	6	(55,000)	-
Provision for advance payment	16.2	(35,000)	-
Provision for impairment of bad & doubtful debts	16.1	(807,778)	1,587,781
Operating Profit before Working Capital Changes		35,076,854	16,877,937
Decrease in inventories		454,450	212,160
(Increase) in trade & other receivable		(16,862,538)	(3,282,693)
(Increase)/Decrease in related party receivable		(20,644,105)	6,292,988
Increase/(Decrease) in related party payable		(1,039,902)	930,605
Increase/(Decrease) in trade & other payables		16,875,683	(4,309,850)
Cash Generated From Operations		13,860,442	16,721,147
Interest received		19,891,341	24,348,556
Income tax paid	9	(3,878,781)	(16,732,662)
Net Cash From Operating Activities		29,873,003	24,337,041
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment	11	(7,871,380)	(7,952,821)
Acquisition of intangible assets	13	(490,000)	(2,134,600)
Net proceed from short term investment	17	(19,165,213)	(6,872,038)
Assets disposal proceeds		55,000	-
Lease rental	22	(4,816,414)	-
Proceeds from dividend income		346	21,609
Net Cash From / (Used in) Investing Activities		(32,287,659)	(16,937,850)
Net Increase / (Decrease) in Cash and Cash Equivalents		(2,414,657)	7,399,191
Cash & cash equivalents at beginning of the year		13,099,885	5,700,694
Cash and Cash Equivalents at the end of the year	19	10,685,228	13,099,885
Analysis of Cash and Cash Equivalents			
Cash at bank		10,647,243	13,015,963
Cash in hand		37,985	83,922
		10,685,228	13,099,885

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Domicile and Legal Form

E-Channelling 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 No 409, R. A. De Mel 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

Mobitel (Pvt) Ltd is the parent of e-Channelling PLC which holds 87.59% shares of e-channelling PLC. Sri Lanka Telecom is the ultimate parent of the Company.

1.4. Responsibility of the Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements as per the provisions of the Companies Act No 07 of 2007 and SLFRSs.

1.5. Approval of financial statements by the Board of Directors

The financial statements were authorized for issue by the Board of Directors on 09th March 2021.

1.6. Number of Employees

The total number of employees of the Company as at 31st December 2020 is 28 (2019 Dec – 31).

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the significant accounting policies and notes to the Financial Statements.

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the

Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the listing rules of the Colombo stock exchange (CSE). These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

2.2. Basis of measurement

The Financial Statements have been prepared on an accrual basis and under the historical cost basis except for the following items in the Statement of Financial Position:

- ♦ Financial assets at Fair Value through Other Comprehensive Income (FVOCI); and
- ♦ Liability for defined benefit obligation recognised based on actuarial valuation. (LKAS 19)

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. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

2.4. Use of estimates and judgments

The preparation of Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Underlying estimates, judgements, 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 assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes:

Note 14 - Deferred taxation

Note 16 - Impairment of trade receivables

Note 21 - Employee benefit obligations

Note 30 - COVID 19 impact assessment

2.5. Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and confirms that they do not intend either to liquidate or to cease operations of the Company. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis. (Please refer Note 30 - COVID 19 impact assessment.

2.6. 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, the 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.

Notes to the Financial Statements

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

There is no impact on the Financial Statements for the year, from the transfers between levels of the fair value hierarchy at the end of reporting period.

2.7. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

2.8. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by

Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these Financial Statements and have been applied consistently by the Company, unless otherwise stated.

3.2. Foreign currency transactions

In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currencies (i.e. Sri Lanka Rupees) using the exchange rates 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.3. Assets and bases of their valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash during the normal operating cycle of the company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.3.1. 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 de recognition 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 capitalized. 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 Equipment	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.

Notes to the Financial Statements

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.

3.3.2. 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 amortization and any accumulated impairment losses.

Amortization

Computer software are amortized 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.

3.3.3. Leases

3.3.3.1. Recognition and initial measurement (As a lessee)

At commencement date, a lessee shall recognize a right-of-use asset and a lease liability at the lease.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ♦ fixed payments, including in-substance fixed payments;
- ♦ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ♦ amounts expected to be payable under a residual value guarantee; and
- ♦ the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

3.3.3.2. Subsequent measurement

Right of use asset

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the

underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-

of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.3.3.3. Recognition exemption

As per the SLFRS 16 the lessee may elect not to apply requirements in paragraphs 22-49 for the Short-term leases and leases of low-value assets. Accordingly, the Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3.4. Financial instruments

3.3.4.1. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.4.2. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- ♦ it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ♦ its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- ♦ it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ♦ its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- ♦ the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial

assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- ◆ how the performance of the portfolio is evaluated and reported to the Group's management;
- ◆ the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ◆ how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ◆ the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- ◆ contingent events that would change the amount or timing of cash flows;
- ◆ terms that may adjust the contractual coupon rate, including variable-rate features;
- ◆ prepayment and extension features; and
- ◆ terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as

Notes to the Financial Statements

consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3.4.3. Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3.4.4. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which

case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4.5. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.4.6. Impairment policy

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- ♦ Financial assets measured at amortised cost;
- ♦ Debt investments measured at FVOCI; and

- ♦ Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- ♦ Debt securities that are determined to have low credit risk at the reporting date; and
- ♦ Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- ♦ the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ♦ the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the Financial Statements

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of Trade Receivables. Therefore, the Board of Directors has decided to assess each receivable separately based on the segment, age of customer relationship, historical data of payment statistics as at every reporting date. By analyzing such factors, the Company's practice is to measure the loss allowances for trade receivables as specific provision by providing full provision for the trade receivable balances more than 365 days which is similar as an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. The company considers an amount due from is credit impaired when the amount is past due 365 days.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or

more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- ♦ significant financial difficulty of the borrower or issuer;
- ♦ a breach of contract such as a default or being more than 365 days past due;
- ♦ the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- ♦ it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- ♦ the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment Policy: Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3.5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.4. Liabilities and provisions

Liabilities classified as Current Liabilities on the Statement of Financial Position are those, which fall due for payment on the demand or within one year from the reporting date. Non-Current Liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provisions and liabilities are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations.

3.4.1. 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.

3.4.2. 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.

3.4.3. Stated Capital

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax

Notes to the Financial Statements

relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

3.5. Income Statement

3.5.1. Revenue recognition

Performance obligations and revenue recognition policies

The revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgement.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

- ♦ Company recognizes revenue from customers as and when the channeling appointments are booked.
- ♦ Other revenue recognised as follows:

- Call charges income – based on the confirmed calculation reports sent by telephone operators.
- Revenue from membership cards – Fee charged when issuing membership cards.
- Software and network commission income – Software and network commission is the platform sharing commission and recognized when service provided.

3.5.2. Other Income

Gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' in the statement of profit or loss.

Dividend income is recognised when the right to receive dividends is established which is generally when the dividend is declared. Dividend income is recognized under other operating income

3.5.3. Finance income

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

3.5.4. Expenditure Recognition

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.

3.5.4.1. Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement in arriving at the profit or loss for the year Provision have also been made for impairment of financial assets, all known liabilities and depreciation on property, plant and equipment.

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

3.5.4.2. Financing Costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of financial assets at fair value through OCI, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables) that are recognized in the income statement.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movement are in a net gain or net loss position.

3.5.5. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity

other comprehensive income.

3.5.5.1. 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 to tax payable in respect of previous years.

The provision for income tax on the Company's operation is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.5.5.2. 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, based on the laws that have been 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 assets is recognized for unused tax losses, tax credits and deductible temporally 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

Notes to the Financial Statements

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. Earnings per Share (EPS)

The financial statements presents the 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.

3.7. Operating segment

There are no reportable operating segments.

3.8. 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 being charged.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.9. Statement of cash flow

The cash flow statement has been prepared using the 'indirect method' in accordance with Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalent comprise cash in hand and cash at bank that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows and interest paid is classified under the operating cash flows for the purpose of presentation of Cash Flow Statement.

Bank overdrafts that are repayable on demand and forming an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flows.

3.10. 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.

3.11. 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.

4. New Accounting Standards issued but not effective as at the Reporting date.

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- ♦ Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- ♦ Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16)
- ♦ Other standards
 - Covid-19 Related Rent Concessions (Amendments to IFRS 16)
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
 - Reference to Conceptual Framework (Amendments to IFRS 3)
 - Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
 - IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

Notes to the Financial Statements

For the year ended 31st December

	2020 Rs.	2019 Rs.
5. REVENUE		
Revenue from Contracts with Customers		
Revenue from portals	105,490,903	131,904,681
Revenue from no-show refund	15,930,450	14,401,082
Other Revenue		
Call charges income	1,148,150	1,646,852
Revenue from membership cards	193,767	798,074
Software and network commission income	7,298,243	2,940,101
Total net Revenue	130,061,513	151,690,790
Revenue collected as Tax		
VAT	-	(19,076,174)
NBT	-	(2,416,914)
Total Net Revenue	130,061,513	130,197,702
Timing of Revenue Recognition		
Products & services transferred at a point in time	130,061,513	130,197,702
Products & services transferred over time	-	-
Total net Revenue	130,061,513	130,197,702
Primary geographical markets		
Sri Lanka	130,061,513	130,197,702
Total net Revenue	130,061,513	130,197,702

As per the notice released by the Inland Revenue Department under the heading “ Value Added Tax and National Building Tax – Implementation of proposals on Value Added Tax (VAT) and National Building Tax (NBT)” on the instruction of the Ministry of Finance, the liable limit for registration of VAT have been increased to 300 Mn per annum with effect from January 01,2020. Accordingly the company is not liable for VAT as the turnover of the company does not meet the stipulated limit.

For the year ended 31st December

	2020 Rs.	2019 Rs.
6. OTHER INCOME		
Dividend income	346	21,609
Assets disposal proceeds	55,000	-
Receipt of unidentified deposits	474,894	-
Un-allocated Member Deposit income	-	539,124
Sundry income	500,474	-
	1,030,714	560,733

For the year ended 31st December

	2020 Rs.	2019 Rs.
7. PROFIT BEFORE TAX		
The Profit before taxation is stated after charging all the expenses including the following:		
Depreciation	8,419,941	7,478,532
Amortization	998,622	497,368
Salary related expenses	27,578,960	26,647,719
EPF	4,128,050	3,996,381
ETF	825,770	806,526
Auditors Remuneration - On statutory audit	385,000	385,000
Employee benefits	1,486,884	1,698,038
Directors' remuneration	2,355,000	4,467,857
Impairment provision for trade receivable	-	1,587,781

For the year ended 31st December

	2020 Rs.	2019 Rs.
8. NET FINANCE INCOME		
(a) Finance Income		
Interest income from short term investments	18,011,113	22,966,241
Interest income from saving accounts	243,057	469,117
	18,254,170	23,435,358
(b) Finance Expense		
Lease Interest	1,123,645	2,625,407
	1,123,645	2,625,407
Net Finance Income	17,130,525	20,809,951
9. INCOME TAX EXPENSE		
Current income tax expense	12,377,818	8,586,768
(Over) / Under provision in previous years	1,356,271	(234,375)
Provision/(Reversal) of deferred tax (Note 14)	(3,298,366)	(682,332)
Tax expense on Total Comprehensive Income	10,435,723	7,670,061
Deferred tax on Other Comprehensive Income	(295,806)	(242,033)
Total Tax expense on profit/(loss)	10,139,917	7,428,028

Notes to the Financial Statements

In accordance with the provisions of the Inland Revenue Act No 24 of 2017, the Company is liable for Income Tax at the rate of 28% on its taxable income.

For the year ended 31st December

	2020 Rs.	2019 Rs.
9.1. Reconciliation Between Accounting Profit to Income Tax Expense		
Accounting profit / (loss) before tax	40,142,538	22,440,862
Aggregate disallowed expenses	14,879,884	13,035,858
Aggregate allowable expenses	(10,815,928)	(4,809,692)
Total taxable income	44,206,494	30,667,028
Income tax for the year - 28% of taxable income (28% - 2019)	12,377,818	8,586,768
Total Income Tax Expense for the year	12,377,818	8,586,768

10. EARNINGS PER SHARE

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 outstanding during the year as required by LKAS 33 "Earnings Per Share".

For the year ended 31st December

	2020 Rs.	2019 Rs.
Profit attributable to equity holders of the company (Rs.)	30,002,621	15,012,834
Weighted average number of ordinary shares	122,131,415	122,131,415
Earnings per share (Rs.)	0.25	0.12

11. PROPERTY, PLANT & EQUIPMENT

As at 31st December

	Computer Equipment Rs.	Computer Servers Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Total Rs.
Cost					
Balance as at 1st January 2018	15,199,588	41,426,759	6,140,382	2,197,430	64,964,159
Additions during the year	7,574,531	-	174,755	203,535	7,952,821
Balance as at 31st December 2019	22,774,119	41,426,759	6,315,137	2,400,965	72,916,980
Additions during the year	7,871,380	-	-	-	7,871,380
Disposals during the year	(230,000)	-	-	(215,599)	(445,599)
Balance as at 31st December 2020	30,415,499	41,426,759	6,315,137	2,185,366	80,342,761
Accumulated Depreciation					
Balance as at 1st January 2018	13,930,163	38,416,384	2,126,201	1,813,224	56,285,972
Charge for the year	2,987,001	2,595,629	1,556,641	348,261	7,487,532
Balance as at 31st December 2019	16,917,164	41,012,013	3,682,842	2,161,485	63,773,504
Charge for the year	6,179,370	414,742	1,626,919	198,910	8,419,941
Disposals during the year	(230,000)	-	-	(215,599)	(445,599)
Balance as at 31st December 2020	22,866,534	41,426,755	5,309,761	2,144,796	71,747,846
Carrying Amount					
Balance as at 31st December 2020	7,548,965	4	1,005,376	40,570	8,594,915
Balance as at 31st December 2019	5,856,955	414,746	2,632,295	239,480	9,143,476

(a) Capitalized borrowing costs

There were no capitalized borrowing costs related to the acquisition of property, plant and equipment during the year 2020 (2019 – Nil).

(b) Fully depreciated but still in use

The cost of fully depreciated property, plant and equipment of the Company which are still in use

amounted to:

As at 31st December

	2020 Rs	2019 Rs
Computer Equipment	14,969,588	14,660,142
Computer Servers	41,426,759	28,597,794
Office Equipment	1,981,830	1,651,147
	58,378,177	44,909,083

Notes to the Financial Statements

(e) Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities of the company as at the reporting date.

(d) Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the company as at the reporting date

(e) Temporarily idle Property, Plant and Equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

As at 31st December

	2020 Rs.	2019 Rs.
12. RIGHT-OF-USE ASSET		
Cost		
Balance at the beginning of the year	21,988,530	-
Adjustment on initial application of SLFRS 16	-	21,988,530
Adjustment on lease modification	(8,731,783)	-
Balance at the end of the year	13,256,747	21,988,530
Accumulated amortization		
Balance at the beginning of the year	3,997,915	-
Amortization charge for the year	2,057,518	3,997,915
Balance at the end of the year	6,055,433	3,997,915
Carrying amount	7,201,314	17,990,615

The Company leases land and the building which is located in, R.A.D. Mel Mawatha, Colombo 03 has been obtained as a lease for 06 years and 11 months from 01st August 2017 to 30th June 2024 with the option to terminate the agreement by either party by giving 30 days notice to the other party in the case of the other party becomes insolvent or goes into voluntary or compulsory liquidation or in a case of winding up the company. Either party can terminate the agreement for convenience by giving 60 days notice for the other party. The management has not taken a decision to terminate the lease as at 31st December 2020. During the lease period, the Company has the right to use the land and the building for the business purposes.

Considering the current business situation of the country prevailed at the beginning of the financial year 2020 the lessor have granted the Company a concession for the lease consideration, which was not part of its original terms and conditions, which have been accounted as a lease modification as per SLFRS 16.

13. INTANGIBLE ASSETS

As at 31st December

	2020 Rs.	2019 Rs.
Cost		
Balance at the beginning of the year	24,624,665	22,490,065
Additions during the year	490,000	2,134,600
Balance at the end of the year	25,114,665	24,624,665
Accumulated amortization		
Balance at the beginning of the year	22,317,081	21,819,713
Charge for the year	998,622	497,368
Balance at the end of the year	23,315,703	22,317,081
Carrying amount	1,798,962	2,307,584

Intangible assets consist of software licenses and hospital net software used by the Company.

(a) Capitalized borrowing costs

There were no capitalized borrowing costs related to the acquisition of intangible assets during the year 2020 (2019 - Nil)

(b) Fully amortized but still in use

The cost of fully amortized intangible assets of the Company which are still in use

amounted to:

As at 31st December

	2020 Rs	2019 Rs
Software License	11,685,121	10,914,926
Hospital-net Software	10,804,944	10,804,944
	22,490,065	21,719,870

Notes to the Financial Statements

As at 31st December		2020	2019
		Rs.	Rs.
14.	DEFERRED TAX ASSET		
	Balance at the beginning of the year	2,753,177	2,070,845
	(Provision)/Reversal during the year (Note 14.1)	3,298,366	682,332
	Balance at the end of the year	6,051,543	2,753,177
14.1.	(Provision)/Reversal for the year		
	(Provision)/Reversal during the year recognized in Profit or Loss	3,594,172	924,365
	(Provision)/Reversal during the year recognized in Other Comprehensive Income	(295,806)	(242,033)
		3,298,366	682,332

Management has measured the deferred tax asset by applying the tax rates as per Inland Revenue Act No. 24 of 2017 as at 31st December 2020, in accordance with LKAS 12 paragraph 46.

The Deferred Tax Asset is arrived at by applying the Income Tax rate of 28% applicable for the temporary difference as at 31st December 2020. (28% - 31st December 2019)

The potential impact on the deferred tax from subsequently enacted inland revenue act

As per the notice released No. PN/IT2020-03 (Revised) by the Inland Revenue Department, Ministry of Finance has proposed changes to the Inland Revenue Act, No 24 of 2007, pending formal amendments being made to the Act and to be implemented with effect from 01st January 2020 unless otherwise stated. The company will be liable to pay income tax at 24% instead of the normal rate of 28% on gains and profits.

Since the new tax rate proposed by the Ministry of Finance on 31st January 2020 and not formally gazetted by the Government the potential impact from tax rate change in deferred tax was not adjusted in the Financial Statements as at 31st December 2020.

14.2 The movement in tax effect of temporary differences during the year is as follows:

As at 31st December

	2020		2019	
	Temporary Difference	Tax Effect on Temporary Difference	Temporary Difference	Tax Effect on Temporary Difference
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets / (Liabilities)				
Property, Plant and Equipment	6,250,744	1,750,208	2,495,296	698,682
Impairment on Trade Receivables	2,494,355	698,419	-	-
Employee Benefits	7,767,915	2,175,016	7,337,480	2,054,495
Impairment on Advances	2,920,000	817,600	-	-
Right of Use the Asset	2,179,640	610,299	-	-
Net Deferred Tax Asset	21,612,654	6,051,542	9,832,776	2,753,177

As at 31st December

	2020	2019
	Rs.	Rs.
15. INVENTORIES		
Member cards	264,805	719,255
	264,805	719,255
16. TRADE & OTHER RECEIVABLES		
Trade receivable	38,669,139	41,751,755
Provision for impairment of trade receivable (Note 16.1)	(2,494,355)	(3,302,133)
	36,174,784	38,449,622
Advance, prepayments and other receivables (Note 16.2)	33,676,025	12,480,221
Withholding Tax Receivable	1,357,476	2,573,126
	71,208,285	53,502,969
16.1 Movement in provision for impairment of trade receivable		
Balance at the beginning of the year	3,302,133	1,714,352
(Reversals)/Provision during the year	(807,778)	1,587,781
Balance at the end of the year	2,494,355	3,302,133
16.2 Advance, prepayments and other receivables		
Advance, prepayments and other receivables	36,596,025	15,435,221
Provision for impairment	(2,920,000)	(2,955,000)
Balance at the end of the year	33,676,025	12,480,221

Notes to the Financial Statements

As at 31st December

2020	2019
Rs.	Rs.

17. SHORT TERM INVESTMENTS

Investment in fixed deposits	229,224,230	210,059,019
Interest receivable	2,872,975	4,510,146
	232,097,205	214,569,165

Short term investment comprise deposit on fixed deposit

18. EQUITY INVESTMENTS AT FVTOCI

The Company designated the investments shown below as equity securities at FVTOCI as these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

Name of the company	31 December 2020			31 December 2019		
	No. of shares	Cost (Rs.)	Market value (Rs.)	No. of shares	Cost (Rs.)	Market value (Rs.)
Citrus Leisure PLC	31,200	944,741	324,480	31,200	944,741	377,520
Taj Lanka Hotels PLC	10,000	606,702	169,000	10,000	606,702	144,000
Blue Diamonds Jewellery Worldwide PLC	700	2,372	560	700	2,372	490
Serendib Hotels PLC (Voting)	7	162	125	7	162	154
Serendib Hotels PLC (Non Voting)	93	1,628	967	93	1,628	1,125
York Arcade Holdings PLC	10	3,847	1,338	10	3,847	752
Lanka Century Investment PLC (Ambeon Holding)	100	7,100	2,070	100	7,100	1,290
Nations Trust Bank PLC	104	8,100	6,240	104	8,100	8,320
Seylan Bank PLC (Non Voting)	107	7,500	4,922	107	7,500	5,618
Renuka Capital PLC	1,100	11,396	7,700	1,100	11,396	4,070
Lankem Developments PLC	100	59	470	100	59	350
Hikkaduwa Beach Resorts PLC	20	20	116	20	20	132
Lake House Priters and Publishers PLC	10,697	1,093,983	1,869,836	10,697	1,093,983	1,604,550
		2,687,610	2,387,824		2,687,610	2,148,371

As at 31st December

	2020 Rs.	2019 Rs.
19. CASH & CASH EQUIVALENTS		
Cash at bank	10,647,243	13,015,963
Cash in hand	37,985	83,922
Cash and cash equivalents for the purpose of statement of cashflows	10,685,228	13,099,885
20. STATED CAPITAL		
Ordinary shares - issued and fully paid (Nos.)	122,131,415	122,131,415
Issued and fully paid (Rs.)	93,758,316	93,758,316

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders or one vote per share in case of a poll. All shares rank equally with regard to the Company's residual assets

As at 31st December

	2020 Rs.	2019 Rs.
21. RETIREMENT BENEFIT OBLIGATIONS		
Balance at the beginning of the year	7,337,480	6,503,844
Provisions made during the year (Note 21.3 and Note 21.4)	430,435	833,636
Balance at the end of the year	7,767,915	7,337,480
21.1. Movement in the present value of the defined benefit obligation		
Balance at the beginning of the year	7,337,480	6,503,844
Actuarial gains	(1,056,449)	(864,402)
Current service costs	902,133	1,003,060
Interest cost	584,751	694,978
Balance at the end of the year	7,767,915	7,337,480
21.2. The amounts recognized in the Statement of Financial Position		
Present value of unfunded obligation	7,767,915	7,337,480
Total present value of obligation	7,767,915	7,337,480

Notes to the Financial Statements

As at 31st December		2020	2019
		Rs.	Rs.
21.3.	Expense recognized in the Statement of Profit or Loss		
	Current service cost	902,133	1,003,060
	Interest cost	584,751	694,978
		1,486,884	1,698,038
21.4.	Expense recognized in the statement of other comprehensive income		
	Actuarial gain during the year	(1,056,449)	(864,402)
		(1,056,449)	(864,402)

LKAS 19 - 'Employee benefit' requires to apply Project Credit Unit method to make a reliable estimate of the retirement benefit obligation in order to determine the present value of the retirement benefit obligation. These key assumptions were made in arriving at the retirement benefit obligation as at 31st December 2020 in respect of following companies are stated below.

As at 31st December		2020	2019
		Rs.	Rs.
	Discount Rate	8.5%	11%
	Rate of Salary Increment	5.7%	10%
	Staff Turnover Factor	11.78%	15%
	Retirement age	55 years	55 years

21.5. Sensitivity of assumptions used

The sensitivity analysis shown below are the reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31st December		2020	2019
		Rs.	Rs.
Increase /(decrease) in discount rate			
	+1%	(394,947)	(370,627)
	-1%	421,888	395,617
Increase /(decrease) in salary increment rate			
	+1%	429,248	395,617
	-1%	(408,800)	(377,205)

As at 31st December

	2020 Rs.	2019 Rs.
22. LEASE LIABILITY		
Balance at the beginning of the year	24,613,937	-
Adjustment on initial application of SLFRS 16	-	21,988,530
Interest cost during the year	1,123,645	2,625,407
Repayments made during the year	(4,816,414)	-
Adjustment on lease modification	(8,731,783)	-
Unpaid lease rental for the year	(2,808,431)	
Balance at the end of the year	9,380,954	24,613,937
Balance due within one year	1,355,099	12,330,168
Balance due after one year	8,025,855	12,283,769
(a) Amount recognized in profit or loss		
Leases under SLFRS 16		
Depreciation on right-of-use asset	2,057,518	3,997,915
Interest on lease liabilities	1,123,645	2,625,407
	3,181,163	6,623,322
(b) Amount recognized in statement of cashflows		
Cash outflow for lease	4,816,414	-
Total cash outflow for lease	4,816,414	-
23. TRADE & OTHER PAYABLES		
Trade payables	62,095,110	43,226,598
Deferred revenue	685,335	336,025
Accrued expenses	13,865,840	12,183,631
	76,646,285	55,746,254

24. 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". The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Notes to the Financial Statements

24.1. Parent and Ultimate Controlling Party

Mobitel (Pvt) Ltd is the parent company of eChannelling. Sri Lanka Telecom PLC is the ultimate Parent. The amounts receivable from or payable to related parties as at 31st December 2020, are disclosed below,

As at 31st December	2020 Rs.	2019 Rs.
24.2. Amounts due from related parties		
Mobitel (Pvt) Ltd	41,844,856	23,548,263
Sri Lanka Telecom PLC	10,105,757	7,758,245
	51,950,613	31,306,508

24.2.1 Change in classification

During the year 2020, the company modified the classification on Receivable from Members which the same time are Related Parties of the company, for better understanding for the users of the financial statements. Comparative amounts in the Statement of Financial Position were reclassified for the consistency. As a result Rs. 7,758,245/- as at 31st December 2019 was reclassified from Trade Receivables - Receivable from Members, to Amounts due From Related Parties.

As at 31st December	2020 Rs.	2019 Rs.
24.3. Amounts due to related parties		
Sri Lanka Telecom PLC	293,393	1,333,295
	293,393	1,333,295

As at 31st December	2020 Rs.	2019 Rs.
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24.4. Transactions with related entities

Name of the Related Party	Relationship	Nature of Transaction		
Mobitel (Pvt) Ltd	Immediate parent	Mobile charges	1,155,534	811,410
		Call Charges Income	1,148,150	1,384,716
		Staff Welfare	300,000	300,000
		Building Rent	2,600,400	4,816,414

As at 31st December

			2020	2019
			Rs.	Rs.
Sri Lanka Telecom PLC	Ultimate parent	IDC Payments	3,042,897	4,657,385
		Telephone charges	139,051	165,685

There were no any non-recurrent Related Party Transactions entered during the year, other than the transactions specified above as per the CSE Listing Rule 9.3.2.

24.5. 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 except as disclosed above.

24.6. 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 are classified as KMP of the company.

24.7. Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeded 10% of the gross revenue of the Company as per 31st December 2020 audited financial statements, which required additional disclosures in the 2020 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payables for the year ended 31st December 2020.

24.8. Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31st December 2019 audited financial statements, which required additional disclosures in the 2020 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Notes to the Financial Statements

(i) Loans to the Directors

No loans have been granted to the Directors of the Company

(ii) Compensation paid to Key Management Personnel

The compensation paid to KMP as short term employment benefits is disclosed in Note 7 to the financial statements.

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Managerial Personnel other than those disclosed in Note 24.4 to these Financial Statements.

(iv) Transactions with close family members

There were no transactions with close family members during the year.

(v) The Directors of the Company are also Directors of the following companies:

Name of the Company	Relationship	Name of the Director		
		Mr. Rohan Fernando	Mr. Lalith Seneviratne	Mr. L M Paratz
Mobitel (Pvt) Ltd	Immediate Parent	X	X	X
Sri Lanka Telecom PLC	Ultimate Parent	X	X	X
SLT Campus (Pvt) Ltd	Related	X		X
SLT Digital info Services (Pvt) Ltd	Related	X	X	X
SLT Visioncom (Pvt) Ltd	Related	X	X	X
Sky Network (Pvt) Ltd	Related	X		X
SLT Services (Pvt) Ltd	Related	X	X	X

25. FINANCIAL INSTRUMENTS

25.1. Financial Instruments - Statement of Financial Position

As at 31st December

	Note	2020 Rs.	2019 Rs.
Financial Assets			
Amortized Cost			
Trade and other receivables	16	70,079,933	51,014,362
Amounts due from related parties	24.2	51,950,613	31,306,508
Short term investments	17	232,097,205	214,569,165
		354,127,751	296,890,035
Fair value through other comprehensive income			
Equity Investments at FVTOCI	18	2,387,824	2,148,371
		2,387,824	2,148,371
Cash & cash equivalents	19	10,685,228	13,099,885
Total Financial Assets		367,200,803	312,138,291
Financial Liabilities			
Other Financial Liabilities			
Trade and other payables	23	62,095,109	43,226,598
Lease liabilities	22	9,380,954	24,613,937
Amounts due to related parties	24.3	293,393	1,333,295
		71,769,456	69,213,830

25.2 Carrying Amounts And Fair Values of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortized cost

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in this note.

Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability or,

In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

Notes to the Financial Statements

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 01 : Quoted (unadjusted) prices in active market for assets or liabilities.

Level 02 : Other techniques for which all inputs with significant effect on the recorded fair values are observable either directly or indirectly.

Level 03 : Techniques that use inputs that have significant effect on the recorded fair value that are not based on observable market data.

The following table analyze the carrying amount of financial assets and liabilities by category as defined in SLFRS 9 - Financial Instruments under headings reported in the Statement of Financial Position.

31st December 2020		Financial Assets at FVOCI		Financial Assets at Amortized Cost		Financial Liabilities at Amortized Cost		Total Carrying Amount		Fair Value		Fair Value	
Note		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	16	-	70,079,933	-	70,079,933	70,079,933	-	-	-	-	-	-	-
Amounts due from related parties	24.2	-	51,950,613	-	51,950,613	51,950,613	-	-	-	-	-	-	-
Short term investments	17	-	232,097,205	-	232,097,205	232,097,205	-	232,097,205	-	232,097,205	-	232,097,205	-
Equity Investments at FVTOCI	18	2,387,824	-	-	2,387,824	2,387,824	2,387,824	-	-	-	-	2,387,824	-
Cash & cash equivalents	19	-	10,685,228	-	10,685,228	10,685,228	-	-	-	-	-	-	-
		2,387,824	364,812,979	-	367,200,803	367,200,803	2,387,824	232,097,205	-	234,485,029	-		
Financial Liabilities													
Trade and other payables	23	-	-	62,095,109	62,095,109	62,095,109	-	-	-	-	-	-	-
Lease liabilities	22	-	-	9,380,954	9,380,954	9,380,954	-	9,380,954	-	9,380,954	-	9,380,954	-
Amounts due to related parties	24.3	-	-	293,393	293,393	293,393	-	-	-	-	-	-	-
		-	-	71,769,456	71,769,456	71,769,456	-	9,380,954	-	9,380,954	-	9,380,954	-

31st December 2019										
		Financial Assets at FVOCI	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount	Fair Value	Fair Value			Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Level 1 Rs	Level 2 Rs	Level 3 Rs	
Trade and other receivables	16	-	48,525,755	-	48,525,755	48,525,755	-	-	-	-
Amounts due from related parties	24.2	-	31,306,508	-	31,306,508	31,306,508	-	-	-	-
Short term investments	17	-	214,569,165	-	214,569,165	214,569,165	-	214,569,165	-	214,569,165
Equity Investments at FVTOCI	18	2,148,371	-	-	2,148,371	2,148,371	2,148,371	-	-	2,148,371
Cash & cash equivalents	19	-	13,099,885	-	13,099,885	13,099,885	-	-	-	-
		2,148,371	307,501,313	-	309,649,684	309,649,684	2,148,371	214,569,165	-	216,717,536
Financial Liabilities										
Trade and other payables	23	-	-	43,226,598	43,226,598	43,226,598	-	-	-	-
Lease liabilities	22	-	-	24,613,937	24,613,937	24,613,937	-	24,613,937	-	24,613,937
Amounts due to related parties	24.3	-	-	1,333,295	1,333,295	1,333,295	-	-	-	-
Total Financial Liabilities		-	-	69,173,830	69,173,830	69,173,830	-	24,613,937	-	24,613,937

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, current tax receivable/ payable, trade & other payables and lease liability, since their carrying value are a reasonable approximation of fair values, due to short term maturity periods.

25.3. Financial Risk Management

In the course of its business, the Company is exposed to the following risks arising from its use of financial instruments:

- ◆ Credit risk
- ◆ Liquidity risk
- ◆ Market risk
 - (i) Currency risk
 - (ii) Interest rate 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

Notes to the 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. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of eChannelling PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

25.4. Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including trade receivables, short term investments and other financial assets.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreement made for every high-value transactions. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as short term investments and cash & cash equivalents. The Company's exposure to credit risk arises from default of the counter party. The Company manages its operations to avoid any excessive concentration of counter party risk and the Company takes all reasonable steps to ensure the counter parties fulfil their obligations.

In addition, Company's short term investments and cash & cash equivalents are placed in the reputed financial institutions with good credit ratings in order to minimize the Company's Credit Risk.

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 31st December	Note	2020 Rs.	2019 Rs.
Trade and other receivables	16	70,079,933	51,014,362
Amounts due from related parties	24.2	51,950,613	31,306,508
Short term investments	17	232,097,205	214,569,165
Balances with Cash and Banks	19	10,685,228	13,099,885
		364,812,979	309,989,920

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered.

Impairment Losses

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of Trade Receivables. Therefore the Board of Directors has decided to assess each receivable separately based on the segment, age of customer relationship, historical data of payment statistics as at every reporting date.

The ageing of Trade Receivables at the reporting date was:

As at 31st December	2020		2019	
	Gross Rs.	Impairment/ (Reversal) Rs.	Gross Rs.	Impairment Rs.
Past due 0-365 days	35,367,006	(807,778)	46,367,867	160,000
More than one year	3,302,133	3,302,133	3,142,133	3,142,133
	38,669,139	2,494,355	49,510,000	3,302,133

Amounts due from related Companies

Amounts due from related Companies are expected to be settled within one year from the reporting date hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Based on historic default rate the Company believes that, apart from the above, no impairment allowance is necessary in respect of Trade & Other Receivables, Amounts Due from Related Parties for past dues or past due by up to 365 days.

25.5. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or any other financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Notes to the Financial Statements

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding netting agreements.

As at 31st December 2020

	Carrying Amount Rs.	Contractual Cash Flows Rs.	Less than One Year Rs.	More than One year Rs.
Other Financial Liabilities				
Lease liabilities	9,380,954	10,298,350	2,272,495	8,025,855
Amounts due to Related Companies	293,393	293,393	293,393	-
Trade & Other Payables	62,095,109	62,095,109	62,095,109	-
	71,769,456	72,686,852	64,660,997	8,025,855

As at 31st December 2019

	Carrying Amount Rs.	Contractual Cash Flows Rs.	Less than One Year Rs.	More than One year Rs.
Other Financial Liabilities				
Lease liabilities	24,613,937	24,613,937	12,330,168	12,283,769
Amounts due to Related Companies	1,333,295	1,333,295	1,333,295	-
Trade & Other Payables	43,226,598	43,226,598	43,226,598	-
	69,173,830	69,173,830	56,890,061	12,283,769

25.6. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, etc. will affect the Company's income or the value of its holdings of Financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

25.6.1. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

25.6.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because of the changes in the market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Company's long-term debt obligations and investments with floating interest rates.

Profile

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

As at 31st December

	Carrying Amount	
	2020	2019
	Rs.	Rs.
Variable rate instruments		
Financial assets	297,120,870	261,123,929
Financial liabilities	9,674,347	25,947,232

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonable possible change in 100 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Effect in LKR	Profit or loss		Equity, net of tax	
	100 bp increase			
31st December 2020				
Financial Assets	2,971,209	(2,971,209)	-	-
Financial Liabilities	(96,743)	96,743	-	-
Cash flow sensitivity (net)	2,874,466	(2,874,466)	-	-
31st December 2019				
Financial Assets	2,611,239	(2,611,239)	-	-
Financial Liabilities	(259,472)	259,472	-	-
Cash flow sensitivity (net)	2,351,767	(2,351,767)	-	-

26. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

There were no material capital commitments and contingent liabilities by the Company as at the reporting date that require adjustments to or disclosures in the financial statements.

Notes to the Financial Statements

27. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting period that require adjustment to or disclosure in these Financial Statements.

28. DIRECTORS RESPONSIBILITIES

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

29. NET ASSETS PER SHARE

As at 31st December	2020	2019
Net assets attributable to ordinary shareholders	291,259,261	260,256,544
Weighted average number of ordinary shares in issue	122,131,415	122,131,415
Net assets per share (Rs.)	2.39	2.13

30. COVID 19 IMPACT ASSESSMENT

The COVID-19 pandemic has a huge direct impact on the healthcare business mainly due to travel restrictions (curfew) imposed in the country restricting public movement and private hospitals operating on a reduced scale to limit public interaction and provide services in essential cases.

Especially, due to limitations in physical meetings and interactions between doctors and patients, the Company's ordinary business model has been effected driving down its revenue drastically. To mitigate the above risk and its impact and to diversify Company's business, the management of the Company has taken quick actions which will have short and long term impacts. The Company has started to activate new wave of innovation and considered to move its business towards technology allowing its customers to use digitalized environment to fulfill their needs. Several innovative products were launched to facilitate the customers to access services from their home in a hassle free and convenient way. With that, business operations were improved significantly and able to manage its earnings and cash flows well despite the pandemic situation.

As far as the Company's businesses are concerned, this has forced us to operate below the capacity. However, the Company's strong balance sheet with zero debt and highly available liquid fund would help to manage working capital requirements during this critical period, hence the Company is satisfied of the ability of continuing its operations for the foreseeable future.

Five Year Performance Summary

For the year ended 31 December	2016 - Dec (9 Months)	2017	2018	2019	2020
Revenue	107,877,945	136,129,453	132,805,602	130,197,702	130,061,513
Net Operating Expenses	(73,052,258)	(96,180,373)	(108,586,069)	(128,566,791)	(107,049,500)
Profit from operating activities	34,825,687	39,949,080	24,219,533	1,630,911	23,012,013
Profit before taxation	48,071,518	62,735,204	46,291,644	22,440,862	40,142,538
Profit/(loss) for the year	27,933,709	35,571,692	33,720,150	15,012,834	30,002,621
Total Assets	255,229,680	328,414,485	317,872,135	349,287,510	392,240,694
	-	-	-		
Equity	205,480,524	240,629,915	244,275,734	260,256,545	291,259,261
Total Liabilities	49,749,156	87,784,570	73,596,401	89,030,965	100,981,433
	255,229,680	328,414,485	317,872,135	349,287,510	392,240,694
Other Information					
Earnings/ (Loss) Per Share (Rs.)	0.23	0.29	0.28	0.12	0.25
Dividend Per Share	0.23	0.29	-	-	-
Market Price Per Share (Rs.)	7.00	5.90	5.90	5.50	7.10
Net Assets Per Share (Rs.)	1.68	1.97	2.00	2.13	2.38
Current Ratio (Times)	5.32	3.82	4.56	4.56	4.33

Shareholder Information

Analysis of Shareholders according to the Number of Shares as at 31st December 2020

Shareholding	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	1,114	313,668	0.26	3	454	-	1,117	314,122	0.26
1,001 to 10,000 Shares	556	2,188,689	1.79	3	19,000	0.02	559	2,207,689	1.81
10,001 to 100,000 Shares	177	4,957,390	4.06	2	65,000	0.05	179	5,022,390	4.11
100,001 to 1,000,000 Shares	25	5,450,596	4.46	1	1,000,000	0.82	26	6,450,596	5.28
Over 1,000,000 Shares	2	108,136,618	88.54	0	-	-	2	108,136,618	88.54
	1,874	121,046,961	99.11	9	1,084,454	0.89	1,883	122,131,415	100.00

Categories of Shareholders	Number of Shareholders	Number of Shares
Individual	1,806	13,867,124
Institutional	77	108,264,291
	1,883	122,131,415

	2020	2019
Share Trading		
Highest Price	8.90	6.30
Lowest Price	3.00	2.70
Closing Price	7.10	5.50

Computation of Public Shareholding	
Issued share capital as at 31st December 2020	122,131,415
Less:	
Parent Company	106,974,618
Subsidiaries/ Associate Companies	-
Subsidiaries/ Associate Companies of Parent Company	-
Directors and close family member	-
CEO and close family member	-
Holding 5% or more	-
Public holding	15,156,797
Public holding as at % of issued share capital	12.41%

List of 20 Major Shareholders Based on their Shareholding

No	Name of shareholder	31 st December 2020	
		No of Shares	% Holding
1	Mobitel (Pvt) Ltd	106,974,618	87.59
2	Mr. G.C. Goonetilleke	1,162,000	0.95
3	Mr. F.N. Herft	1,000,000	0.82
4	Mr. P. Rathnayaka	840,000	0.69
5	Mr. D.K.A.K. Weerathunga	516,583	0.42
6	Dr. M.M. Rinoza	322,400	0.26
7	Mr. M. Fazal	309,464	0.25
8	Mr. M.A.B. Morahela	292,300	0.24
9	Mr. A.H. Munasinghe	277,031	0.23
10	Dr. M.A.M.S. Cooray	266,006	0.22
11	Mr. M.A. Kumarasingha	232,433	0.19
12	Mr. Z.G. Carimjee	231,933	0.19
13	Mrs. T.R. Selvanayagam	201,000	0.16
14	Mr. M.H.A. Kamil	157,776	0.13
15	Mrs. N.D. Palliya Guruge	156,000	0.13
16	Mr. H.M.C. De Alwis	152,224	0.12
17	Citizens Development Business Finance PLC / C.U. Gamage	151,000	0.12
18	MBSL / A.C.G. Sugath	148,830	0.12
19	Mr. R.E. Rabukwella	144,500	0.12
20	Mr. A.G.C. Sugath	124,332	0.10
	Sub Total	113,660,430	93.05
	Others	8,470,985	6.95
	Total Shares	122,131,415	100.00

GRI Index

GRI Standard		Disclosure	Page No.(s)
GRI 102: General Disclosures 2016	102-1	Name of the organisation	IBC
	102-2	Activities, brands, products, and services	20 & 37
	102-3	Location of headquarters	IBC
	102-4	Location of operations	IBC
	102-5	Ownership and legal form	IBC
	102-6	Markets served	36 & 37
	102-7	Scale of the organisation	29,80,81
	102-8	Information on employees and other workers	28 -33
	102-9	Supply chain	39
	102-10	Significant changes to the organisation and its supply chain	N/A
	102-11	Precautionary Principle or approach	50-55
	102-12	External initiatives	5
	102-13	Membership of associations	N/A
	102-14	Statement from senior decision-maker	5-7
	102-16	Values, principles, standards, and norms of behavior	56-62
	102-18	Governance structure	56-65
	102-40	List of stakeholder groups	12-14
	102-41	Collective bargaining agreements	N/A
	102-42	Identifying and selecting stakeholders	12
	102-43	Approach to stakeholder engagement	12-14
	102-44	Key topics and concerns raised	38
	102-45	Entities included in the consolidated financial statements	N/A
	102-46	Defining report content and topic Boundaries	15
	102-47	List of material topics	15-16
	102-48	Restatements of information	14
	102-49	Changes in reporting	14
	102-50	Reporting period	14
	102-51	Date of most recent report	14
	102-52	Reporting cycle	14
	102-53	Contact point for questions regarding the report	IBC
	102-54	Claims of reporting in accordance with the GRI Standards	14
	102-55	GRI content index	126-127
	102-56	External assurance	14
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	15-16
	103-2	The management approach and its components	15-16
	103-3	Evaluation of the management approach	15-16
GRI 201 : Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	109-110

GRI Standard		Disclosure	Page No.(s)
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	28-33
	202-2	Proportion of senior management hired from the local community	28-33
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	43-45
	203-2	Significant indirect economic impacts	43-45
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	39
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	53
GRI 301 : Materials	301-2	Recycled input materials used	43-45
GRI 302 : Enegry	302-4	Reduction of energy consumption	44
GRI 305 : Emissions	305-5	Reduction of GHG emissions	45
GRI 306 : Effluents & Wastage	306-2	Waste by type and disposal method	44-45
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	31
GRI 403 : Occupational Health and Safety 2016	403-1	Occupational health and safety management system	30
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	30-31
	404-2	Programs for upgrading employee skills and transition assistance programs	30-31
	404-3	Percentage of employees receiving regular performance and career development reviews	30-31
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	29
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	41
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	30
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	41
GRI 412 : Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	41
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	39
GRI 415 : Public Policy	415-1	Political contributions	41
GRI 416 : Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	41
GRI 417 : Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	25
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	36
GRI 419 : Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	41

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the eChannelling PLC will be held at 12.30 pm on 23rd April 2021 at Lotus, Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 7 for the following purpose:-

AGENDA

1. To receive and consider the Statement of Accounts of the Company for the year ended 31st December 2020, together with the Reports of the Directors and the Auditors thereon.
2. To re-elect as a Director, Mr. Lawrence Paratz, who retires by rotation in terms of Article 86 and 87 of the Articles of Association of the Company.
3. To re-elect as a Director, Mr. Sampath Hettiarachchi, who retires by rotation in terms of Article 86 and 87 of the Articles of Association of the Company.
4. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration
5. To authorize the Directors to determine and make donations to charities.

BY ORDER OF THE BOARD OF
eChannelling PLC



Geredene Suares
Company Secretary

26th March 2021

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.
- (b) A proxy need not be a member of the Company.
- (c) A Form of Proxy accompanies this Notice.

Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a full page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for handwriting practice or general writing. There are no margins, text, or other markings on the page.

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. Anthony Rohan Harsha Fernando	whom failing
Mr. Dallas Joshua Stephen	whom failing
Mr. Sampath Arunapriya Hettiarachchi	whom failing
Mr. Lawrence Michael Paratz	whom failing
Mr. Kapugama Geeganage Dayaneth Sudharshana	whom failing
Mr. Lalith Mohan Seneviratne	whom failing

as my/our* proxy to represent me/us* to speak and vote for me/us* and on my/our* behalf as indicated below at the Twenty First General Meeting of the Company, to be held on 23rd April 2021 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2020 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re- elect as a Director, Mr. Lawrence Paratz, who retires by rotation 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 as a Director, Sampath Hettiarachchi, who retires by rotation in terms of Article 86 and 87 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re- appoint Messrs KPMG, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration:	<input type="checkbox"/>	<input type="checkbox"/>
5.	To authorise the Directors to determine and make donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our hand/seal given on this day of Two Thousand and Twenty One.

.....
Signature

Note : *Please delete the inappropriate words.

Instructions for completion of form of proxy are noted on the reverse.

Form of Proxy

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 No 409, R A De Mel Mawatha, Colombo 03 or sent via e-mail to agm2021@echannelling.com, 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 Registraton Number

PQ 205

Board of Directors

Mr. Rohan Fernando - Chairman

Mr. Lalith Seneviratne - Director

Mr. Lawrence M Paratz - Director

Mr. Sudharshana Geeganage - Director

Mr. Sampath A Hetarachchi - Director

Mr. Dallas J Stephen - Director

Company Secretary

Ms. Geredene Suares

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
Natons Trust Bank PLC
People's Bank
Commercial Bank of Ceylon PLC
Natonal Development Bank
Seylan Bank PLC
Amana Bank PLC
DFCC Bank
Citi Bank

Registered Office of the Company

No. 409, R A De. Mel Mawatha, Colombo 03.

Contact Details

Senior Manager Finance
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