eCHANNELLING

THE EASY WAY TO CHANNEL YOUR DOCTOR

ANNUAL REPORT
2015/16

CONTENTS

CORPORATE INFORMATION

Name of the Company
E-Channelling PLC

Legal Form
Quoted Public Limited Company incorporated in Sri Lanka in 2000.
Ordinary shares of the company is listed on the Diri Savi Board of the Colombo Stock Exchange.

Company Registration Number
PQ 205

Board of Directors
Mr. Tatsuya Koike – Chairman/CEO
Ms. Abulaiti Gulimire
Mr. S.A. Hettiarachchi
Mr. D.J Stephen
Mr. Natsuki Goto

Secretaries of the Company
S.S.P. Corporate Services (Private) Limited
No: 101, Inner Flower Road, Colombo 03.
Tel. 2573894/ 2576871
Contact Person: Mr. Lalindra Abeysekera

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

Lawyer
D. L. & F. De Saram
No: 47, Alexandra Place, Colombo 07.
Mr.Nigel Hatch
4/10F, Thalakotuwa Gardens, Colombo 05.

Bankers
Sampath Bank PLC
Nations Trust Bank PLC
People's Bank
Commercial Bank of Ceylon PLC
Bank of Ceylon
Seylan Bank PLC

Registered Office of the Company
Suncity Towers, Mezzanine Floor, No. 18,
St. Anthony's Mawatha, Colombo 03.

Contact Details
Telephone No: (+94 11) 7 600500
Fax No: (+94 11) 2 370979
Website: www.echannelling.com
E-mail:info@echannelling.com

MESSAGE FROM THE CHAIRMAN / CEO

Dear Shareholders

It is with great pleasure that I, on behalf of E-Channnelling PLC, present the Annual Report of E-Channelling PLC for the Financial year ended 31st March 2016.

The Company has recorded another year of stable growth. Profit before Tax (PBT) for the finacial year (FY) ended 31st March 2016 was Rs.110 Million, an increase of 7 per cent over the PBT of Rs.103 Million recorded in the previous financial year. Profit after tax (PAT) reached Rs. 79 Milion, an increase of 24 per cent comparing to FY 2014/15.

Our island-wide footprint was extended further during the year. The number of hospitals aquired as of 31st March 2016 was 155 among which 123 are private hospitals and 22 are private Ayurveda hospitals. For the total number of hospitals, we have recorded a significant increase comparing to 62 recorded for FY 2014/15. We have started a pilot project with Maharagama Cancer Hospital in FY 2015/16 to provide our booking system to the hospital. This is an initial step for us to tap into Government Hospitals in the future.

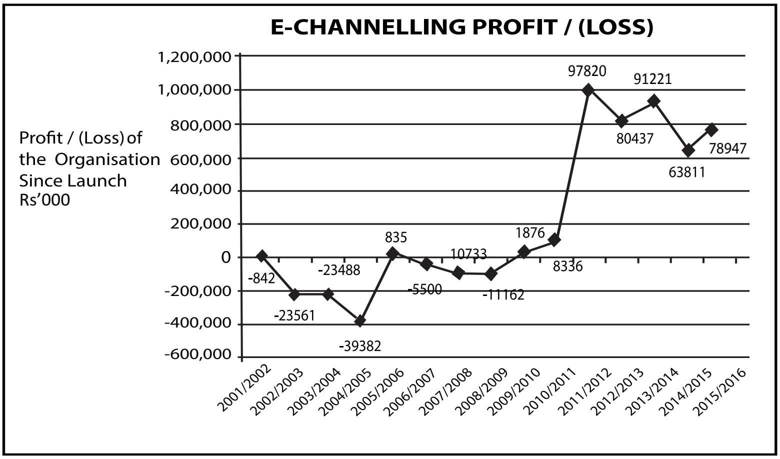
We have launched our new responsive and user friendly website, mobile application for both android and iOS phones.We have developed several new functions to our doctor channelling system which we are expecting to implement in FY 2016/17.

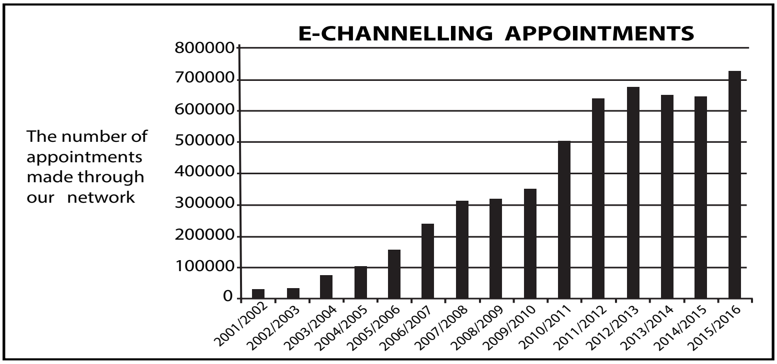
With the strong performance and growth in FY 2015/16,as well as with our solid strategy, we expect to see continued significant growth and success for the next financial year. In FY 2016/17 we will continue to address untapped opportunities to extend our doctor channeling service and at the same time explore new business opportunities in other sectors of healthcare industry.

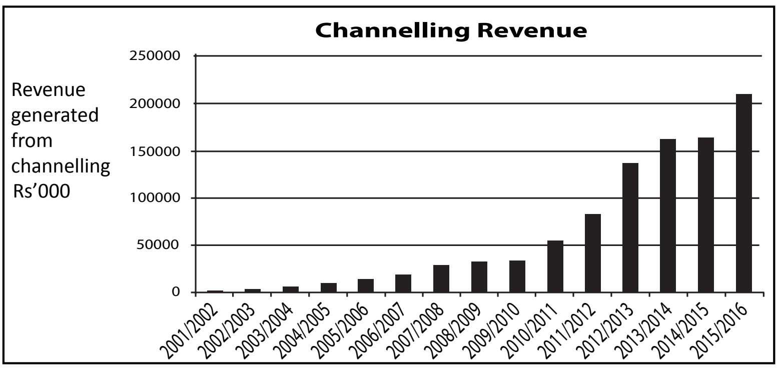
I wish to express my sincere thanks to the Board of Directors of the Company and the Staff at all level for their valuable contribution and active participation in supporting the vision of the Company. I wish to extend my sincere gratitude to Tsutomu Nobunaga and Tetsuya Sekimoto who resigned from the Board in April 2016, for their valued contribution. I warmly welcome Natsuki Goto to the Board. His expertise and international experience will be invaluable in guiding the Company.

Tatsuya Koike
Chairman/Chief Executive Officer
18 August 2016

E-CHANNELLING PERFORMANCE CHARTS







BOARD OF DIRECTORS

Ms. Abulaiti Gulimire
Dr. Eng. Industrial Engineering and Management
Non-Independent, Executive Director

Ms. Abulaiti Gulimire was appointed to the Board of E-Channelling PLC on 15th January 2015. She worked in the Overseas Business Development Division of SMS Co. Ltd., since April 2013, mainly in charge of market research and new business development in the healthcare IT industry in Asia. She worked in the s ubsidiary of SMS Co. Ltd., in Philippines, responsible for establishment and business development of the company (2013-2014). Prior to Joining SMS Co. Ltd. She worked as a consultant in the Japan Research Institute, Limited, handling healthcare related consultancy to Japanese companies targeting Asian market.

She has sound knowledge about healthcare industry in Asia, experienced in market research, business establishment and development. She holds Doctoral and Master Degree in Industrial Engineering and Management from Tokyo Institute of Technology, and a Bachelor's Degree in Computer Science and Technology from Xinjinag University.

Mr. Natsuki Goto
MBA
Non Independent, Non Executive Director

Mr. Natsuki Goto was appointed to the Board of E-Channelling PLC on 01st April 2016. He is the representative director and president of SMS Co., LTD, a listed entity in Japan. Mr. Goto started his career at IBM Business Consulting Services as Business Strategy Consultant (2004-2007), mainly engaged in marketing strategy planning and financial planning. In 2007 he became a manager at Baycurrent Consulting Inc. to start the Business Strategy Consulting Division of the Company. In 2007 he joined SMS Co., Ltd. as a manager in Corporate Planning Division, due to his excellent performance, in 2008 he was appointed as the Director of the Corporate Planning Division. From 2012 to 2014, Mr. Goto served as the Director of Overseas Business Developmnet Division of SMS Co. Ltd. executing overall management of the overseas business development and promotion. He has appointed as Representative Director and President of SMS Co., Ltd in April 2014.

Mr. Goto is well experience in marketing strategy, business strategy development, corporate planning, human resource development, accounting and financial planning as well as overseas business development, planning and strategy. He holds MBA with concentration in Financial Management from Lubin School of Business, Pace University and a Bachelor's Degree in Imaging Art from Tokyo Polytecnic University.

BOARD OF DIRECTORS (CONTD)

Mr. Tatsuya Koike
B.Sc. Chemistry
Non-Independent, Executive Director, CEO and Chairman

Mr. Tatsuya Koike was appointed to the Board of E-Channelling PLC on 16th April 2014.He worked as the Business Manager, Overseas Business Development Division of SMS Co. Ltd. since 2013 SMS Co. Ltd. has 100% ownership of Senior Marketing System Asia Pte. Ltd. which is the main shareholder of eChannelling PLC.

His profile also includes Manager – Care Division (2011-2013), Leader – Media Planning Division (2008-2010), Sales Representative – Media Division (2007-2008) at SMS Co. Ltd., Ltd.
Mr. Tatsuya Koike has more than seven years' experience in Marketing and Business Development in Medical and IT sectors.

Mr. D. J. Stephen
MBA, DIPM, CIM (U.K.)
Independent, Non-Executive Director

Mr. Dallas Joshua Stephen was appointed to the Board of E-Channelling PLC on 26th September 2012. He is a well- established practicing marketer with over nineteen years of experience in areas ranging from sales management, product/marketing management, export marketing, services marketing to direct marketing. He has worked in several well-known Sri Lankan and multinational organizations and has acquired a vast amount of invaluable experience in all areas of sales and marketing management over the years. Mr. Stephen holds a Postgraduate Diploma in Marketing (Dip.M) from the Chartered Institute of Marketing, U.K. He also holds a Masters in Business Administration (MBA) from the University of Sri Jayawardhanepura (Postgraduate Institute of Management PIM). As a resource person attached to the National Institute of Business Management (NIBM) and the University of Colombo (For the MBA Program), he has successfully conducted several programmes on CRM and related areas with much success. He was a lecturer at the Sri Lanka Institute of Marketing (SLIM) for the CIM (U.K.) exams.

Mr. S.A. Hettiarachchi
MBA (W.Sydney), ACMA (U.K.), CGMA
Independent, Non-Executive Director

Mr. Sampath Hettiarachchi was appointed to the Board of E-Channelling PLC on 1st May 2013. Prior to this appointment, from 2008 to April 2013, he was the Chief Financial Officer at Lanka Hospitals Corporation PLC. Mr. Hettiarachchi has over 21 years of managerial and leadership experience at leading corporate institutions in both service sector and manufacturing operations including Ansell Lanka Private Limited , Lankabell Limited and the DCSL Group. Presently he hold directorships in two private entities namely M/S Premier Lands and Real Estate (Pvt.) Ltd. and Signage World (Pvt.) Ltd. Mr. Hettiarachchi holds a Master of Business Administration from the University of Western Sydney, Australia and is an Associate Member of the Chartered Institute of Management Accountants, U.K. (ACMA) and a Chartered Global Management Accountant (CGMA).

CORPORATE GOVERNANCE

With a commitment to high ethical standards, E-Channelling PLC ("the Company") operates with a governance structure which complies with adequate regulations and guidelines. We ensure integrity, fairness & transparency in reporting statements of our affairs to our shareholders.

The governance structure fully conforms to the best practices of good corporate governanceas published jointly by the Institute of Chartered Accountants of Sri Lanka,and the Securities and Exchange Commission together with the provisions of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors ("Board") is responsible for the continued appropriate management of the Company while ensuring that it accomplishes its goals. The Board meets regularly to estabish, maintain direction and to provide guidance to ensure the Company's operating and financial performance.

The Board collectively and Directors individually act in accordance with the Laws of the Country, while all members of the Board take collective responsibility for the management, direction and performance of the Company.

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

Rule No.	Subject	Requirement status	Compliance	Details
7.10.1. (a)	Non-Executive Directors	Two or one third of the total no. of directors shall be non-executive directors whichever is higher.	Complied with.	There are five Directors as at the date of the Annual Report. Out of which three Directors are non-executive directors.
7.10.2. (a)	Independent Directors	Two or one third of the non-executive directors whichever is higher shall be independent.	Complied with.	The Board comprises of two independent non-executive Directors as at the date of the Annual Report.
7.10.2. (b)	Independent Directors	Each non-executive director should submit a declaration of independence in the prescribed format.	Complied with.	All non-executive Directors have submitted their declaration of independence in the Prescribed format.

CORPORATE GOVERNANCE (CONTD)

Rule No.	Subject	Requirement status	Compliance	Details
7.10.3. (a)	Disclosure relating to Directors	Names of independent Directors should be diclosed in the annual report.	Complied with.	The names of the Independent Directors are disclosed on the pages 5 and 6 of the Annual Report.
7.10.3. (b)	Disclosure relating to Directors	In the event a director does not qualify as independent as per rules on corporate governance but if the board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Complied with.	The Board has not been required to perform such determination.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be published in the Annual Report including the area of expertise.	Complied with.	A complete profile of Directors is provided on pages 5 and 6 of the Annual Report.
7.10.5	Remuneration Committee	A Listed company shall have a Remuneration Committee.	Complied with.	Please refer page 10 of the Annual Report for more details on the committee and its functions
7.10.5 (a)	The composition of Remuneration Committee	The Remuneratio Comittee shall comprise aminimum of two Independentnon-executive directors or non-executive directors, a majority of whom shall be Independent whichever is higher.	Complied with.	The committee has two members, who are independent.
7.10.6.	Audit Committee	A listed company shall have an audit committee.	Complied with.	The Company has an Audit Commitee comprising of two members.
7.10.6. (a)	Composition of Audit Committee	The Audit Committee shall comprise a two independent Non- Executive Directors, or Non-ExecutiveDirectors, a majority of whom shall be independent whichever is higher.	Complied with.	The committee consists of two members who are independent. The Chairman of the committee is member of a recognized acounting body.

REPORT OF THE RELATED PARTY TRASACTIONS REVIEW COMMITTEE

As required by the SEC under its Code of Best Practice for Listed Companies, the Related Party Transactions Review Committee was formed with effect from the 28th April 2016. The Committee will act with the intention of ensuring, on behalf of the Board, that all related party transactions of ECL are consistent with the Code of Best Practices on Related Party Transactions issued by the SEC. In very broad terms, the scope of this sub-committee is:

(i) Developing, and recommending for adoption by the Board of Directors of ECL, a Related Party Transaction Policy consistent with that proposed by the SEC and is in sychro nistion with the Operating Model and the delegated Decision Rights of the Company.

(ii) Updating the Board of Directors on the related party transaction of ECL on a quarterly basis. This committee comprises two Non-Executive Independent Directors and one Non-Executive Non-Independent Director.

Directors namely:

1. Mr. S.A. Hettiarachchi - Chairman

2. Mr. D.J. Stephen

3. Ms. Abulaiti Gulimire

Signed.

Mr. S.A. Hettiarachchi

Chairperson
Related Party Transactions Review Committee

REPORT OF THE REMUNERATION COMMITTE

The remuneration committee, which is a part of the Board of E-Channelling PLC ("the Company"), has reviewed the performance of senior management and determined a unique rewarding policy to attract and retain the best human capital to sustain operations while rewarding performance which would be supporting the growth of the Company. The committee also advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority.

The remuneration committee comprises of two independent non-executive Directors namely:

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

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

The remuneration committee has met several times during the year to determine and formulate certain remuneration strategies for the senior management.

As a function of the committee during the year, the remuneration committee recommended the remuneration payable to senior management of the Company to the Board to make the final determination. In addition it has established "pay grades" for the Company after analysing market trends and the Company requirements.

The committee had ensured that the Board is complying with the relevant Statutory Acts in relation to remuneration relating to directors.

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

Signed.

Mr. S.A. Hettiarachchi

Chairperson
Remuneration Committee

REPORT OF THE AUDIT COMMITTEE

The audit committee comprises of two independent non- executive Directors namely:

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

The primary role of the audit committee is to ensure the integrity of the financial reporting and audit processes and 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 indedence, non-audit services and recommending to the Board on re-appointment of auditors.

3. Effectiveness of the internal audit function and the scope of work.

The committee had independent access when performing their duties and reporting to the Board on findings.

The committee had met regularly during the financial year to determine and formulate strategies. In addition to the committee members, the meetings were attended by the CEO, executive director and finance manager on invitation.

The audit committee has considered a wide range of financial reporting and related matters in respect of the published financial statements, reviewed any significant areas of judgment that materially affected the organization's business activities.

Overall the committee is satisfied that it has completed the responsibilities that were delegated to it by the Board and the committee expects the same to be continued during the current financial year.

Signed.

Mr. S.A. Hettiarachchi

Chairman
Audit Committee

REVIEW ON RISK MANAGEMENT

E-Channelling PLC ("the Company") has given consideration to its risk management process in order to progress towards achieving its goals and objectives.

The risks are identified at specific levels throughout the organization. The process is reviewed by the Board as part of the Company's operational approach to mitigate the risk.

Our risk management process ensures that there is a complete identification and understanding of the risks which we are exposed to. Our process also guarantees that we create and implement effective plan to prevent losses.

The major risks primarily affecting the organization and the initiatives taken towards mitigating these risks are stated below.

1.Financial Risk

The exposure to the credit risk, liquidity risk and market risk is covered broadly within the notes to the financial statements.

2.Human Resource

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

Initiatives taken by the Company -The Company maintains an employee evaluation structure and a healthy relationship with the employees at all levels. We provide employment benefits such as insurance, training and development to employees where necessary.

3.Environmental Risk

Potential threat of adverse effects on living organisms and environment by emissions, waste and resource depletion arising from organization's activities.

Initiatives taken by the Company - The Company complies with the standards set by the relevant authorities to ensure compliance.

4.Legal and Regulatory

The risk associated with changes in statutory regulations and related Law.

Initiatives taken by the Company – The Company takes necessary steps to comply with statutory and regulatory requirements.

5.Information System

Risk associated with computer security, hardware, software and other related systems failing and causing disruption to business operations of the organization.

Initiatives taken by the Company- The Company maintains adequate safeguards to protect itself against such risks.

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

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

1. Review of the Year

The Chairman's Review describe the Company's affairs and mentions important events of the year.

2. Principal Activity

The principal activity of the Company is to provide information infrastractura for the healthcare industry of sri Lanka to provide a channelling service for consultation of doctors and healthcare related services.

3. Auditor's Report

The Auditor's report on the financial statements is given on page 17 to 18

4. Financial Statements

The financial statements of the Company are given in pages 19 to 46

5. Accounting Policies

The Company has prepaid the Accounts in accordance with the new SLFRS / LKAS and the accounting policies used in preparation of the Financial Statements of the Company are given at pages 33 to 34 of the Annual Report as required by Section 168 (1) (d) of the Companies Act. There has been no change in the accounting policies adopted by the Company during the period under review other than disclosed.

6. Directors' Interest

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

7. Director's Remuneration and Other Benefits

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

8. Corporate Donations

Donations made during the year is Rs. 21,000/= (Gift Voucher for minor staff at Suncity Building)

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY (CONTD)

9. Directors and their Shareholdings

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

	31.03.2015	31.03.2016
Mr. D.J. Stephen	Nil	Nil
Mr. S.A. Hettiarachchi	Nil	Nil
Mr. T. Koike	Nil	Nil
Mr. T. Nobunaga	Nil	Nil
Mr. T. Sekimoto	Nil	Nil
Ms. A. Gulimire	Nil	Nil

Mr. Tetsuya Sekimoto and Mr. Tsutoma Nobunaga resigned and Mr. Natsuki Goto were appointed to the Board with effect from 01st April 2016.

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

In terms of Article 94 of the Articles of Association of the Company Mr. Natsuki Goto retires and being eligible offers himself for re-election.

10. Auditors

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

The Auditors Messrs KPMG were paid LKR 250,000 (2015 – LKR 260,000) as audit fees by the Company.

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

11. Investments

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

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY (CONTD)

12. Intangible Assets

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

13. Property, Plant and Equipment

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

14. Capital Commitments

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

15. Stated Capital

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

16. Reserves

Retained earnings as at 31st March 2016 amount to LKR 82,270,247. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

17. Events Subsequent to the Reporting Date

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

18. Employment Policies

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

19. Taxation

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

20. Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.15	31.03.16
Market price per share as at 31st March	11.50	08.00
Highest share price during the year	18.20	15.10
Lowest share price during the year	11.40	07.50

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY (CONTD)

21. Shareholding

The number of registered shareholders of the Company as at 31st March 2016 was 1,593.

22. Major Shareholders

The twenty largest shareholders of the Company as at 31st March 2016, together with an analysis are given on page 48.

23. Statutory Payments

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

24. 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.

25. 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.

26. Contingent Liabilities

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

27. Annual General Meeting

The Sixteenth Annual General Meeting of the Company will be held at Sri Lanka Japan Cultural Centre (Sasakawa Hall) on 30th September 2016 at 10.00 a.m.

For and on behalf of the Board of Directors of
E-CHANNELLING PLC

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

Date: 18th August 2016

INDEPENDENT AUDITORS' REPORT

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

Tel : + 94 - 11 542 6426
Fax : + 94 - 11 244 5872
+ 94 - 11 244 6058
+ 94 - 11 254 1249
+ 94 - 11 230 7345
Internet : www.lk kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF E-CHANNELLING PLC

Report on the Financial Statements

We have audited the accompanying financial statements of E-Channelling PLC, ("the Company"), which comprise the statement of financial position as at 31st March 2016, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 19-46.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG

Opinion

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

Report on Other Legal and Regulatory Requirements

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

a) The basis of opinion and scope and limitations of the audit are as stated above.

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

Kpmg

CHARTERED ACCOUNTANTS
Colombo
18th August 2016.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	2016 Rs.	2015 Rs.
Revenue	08.	210,626,577	163,143,864
Cost of sales		(46,428)	(525)
Gross Profit		**210,580,149**	**163,143,339**
Other income	09.	801,418	75,957
Administrative expenses		(102,574,926)	(62,011,082)
Selling and distribution expenses		(5,364,285)	(1,664,980)
Other expenses	10.	(1,118,722)	(29,956)
Profit from operations	11.	**102,323,634**	**99,513,278**
Finance income	12.	8,092,144	3,624,270
Profit before income tax expense		**110,415,778**	**103,137,548**
Income tax expense	13.	(31,468,359)	(39,326,150)
Profit for the year		**78,947,419**	**63,811,398**
Other Comprehensive Income			
Items that will never be reclassified to profit or loss			
Remeasurement of employee benefit obligation		236,057	(191,289)
Deferred tax impact on acturial (gain)/ loss		66,096	(53,561)
Items that are or may be reclassified to profit or loss			
Net change in fair value of available for sale financial assets		(345,859)	(22,827)
Impairment loss on available for sale investment reclassified to profit or loss		1,118,722	-
Other Comprehensive Income /(Loss) for the year		**1,075,016**	**(267,677)**
Total Comprehensive Income for the year		**80,022,435**	**63,543,721**
Earnings Per Share	**14.**	**0.65**	**0.52**

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

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	2016 Rs.	2015 Rs.
ASSETS			
Non Current Assets			
Property, plant & equipment	15.	13,939,863	17,114,882
Intangible assets	16.	5,868,712	5,924,782
Employee share ownership trust fund	17.	-	1,160,000
Deferred tax assets	18.	-	3,676,331
Total Non Current Assets		**19,808,575**	**27,875,995**
Current Assets			
Inventories	19.	410,234	456,663
Trade & other receivables	20.	44,844,874	45,869,191
Short term investments	21.	151,050,213	55,389,763
Investment in equity shares	22.	1,686,765	2,032,624
Cash & cash equivalents	23.	26,075,873	45,042,691
Total Current Assets		**224,067,959**	**48,790,932**
Total Assets		**243,876,534**	**176,666,927**
EQUITY AND LIABILITIES			
Equity			
Stated capital	24.	93,758,316	93,758,316
Retained earnings		82,270,247	3,020,675
Available for sale reserve		117,955	(654,908)
Total Equity		**176,146,518**	**96,124,083**
Non Current Liabilities			
Employee benefits	25.	4,508,844	3,413,692
Deferred tax liability	18.	586,293	-
Total Non Current Liabilities		**5,095,137**	**3,413,692**
Current Liabilities			
Trade & other payables	26.	48,235,538	40,700,295
Current tax liabilities		14,399,341	36,428,857
Total Current Liabilities		**62,634,879**	**77,129,152**
Total Liabilities		**67,730,016**	**80,542,844**
Total Equity & Liabilities		**243,876,534**	**176,666,927**

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

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

....

Finance Manager
A.R.R.D.Alahakoon

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Director;

....

Director **Director**
S.A. Hettiarachchi **Abulaiti Gulimire**

18th August 2016 - Colombo.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March

	Stated Capital Rs.	Available for Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2014	**93,758,316**	**(332,402)**	**65,058,404**	**158,484,318**
Comprehensive income for the year				
Profit for the year	-	-	63,811,398	63,811,398
Other comprehensive income	-	(22,827)	(244,850)	(267,677)
Total comprehensive income for the year	**-**	**(22,827)**	**63,566,548**	**63,543,721**
Adjustment due to Amalgamation	-	(299,679)	(125,604,277)	(125,903,956)
Balance as at 31 March 2015	**93,758,316**	**(654,908)**	**3,020,675**	**96,124,083**
Balance as at 01 April 2015	**93,758,316**	**(654,908)**	**3,020,675**	**96,124,083**
Comprehensive income for the year				
Profit for the year	-	-	78,947,419	78,947,419
Other comprehensive income	-	772,863	302,153	1,075,016
Total Comprehensive income for the year	**-**	**772,863**	**79,249,572**	**80,022,435**
Balance as at 31 March 2016	**93,758,316**	**117,955**	**82,270,247**	**176,146,518**

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

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

For the year ended 31 March	2016 Rs.	2015 Rs.
Cash Flow From Operating Activities		
Profit before tax	110,415,778	103,137,548
Adjustments for :		
Provision for depreciation	4,070,994	1,598,963
Provision for amotization	3,024,682	2,598,425
Provision for employee benefits	1,879,551	1,113,170
Interest income	(8,092,144)	(3,624,270)
Profit on disposal of Property plant and equipment	(20,000)	-
Impairment of investment in equity shares	1,118,722	-
Provision for impairment of bad & doubtful debts	1,714,352	97,080
Operating Profit before Working Capital Changes	**114,111,935**	**104,920,916**
Decrease in inventories	46,429	525
(Increase)/Decrease in trade & other receivable	(690,031)	(41,552,475)
Net change in amount due to/from related parties	-	26,083,203
(Decrease)/Increase in trade & other payables	(2,303,077)	5,566,545
Cash Generated from Operations	**111,165,256**	**95,018,714**
Interest received	6,005,743	3,775,425
Tax paid	(49,169,156)	(8,680,676)
Employee benefits paid	(548,342)	-
Net Cash Generated from Operating Activities	**67,473,498**	**90,113,463**
Cash Flow From Investing Activities		
Acquisition of property plant and equipment	(895,975)	(17,980,180)
Acquisition of Intangible Assets	(2,968,612)	(813,679)
Net Proceeds from short term investments	(93,574,049)	(41,161,240)
Cash proceeds from property plant and equipment disposal	20,000	-
Net Proceed from employee share ownership trust fund	10,998,320	-
Net Cash Used in Investing Activities	**(86,420,316)**	**(59,955,099)**
Cash flow from Financing Activities		
Dividends paid	-	(477,838)
Net Cash Used in Financing Activities	**-**	**(477,838)**
Net (decrease)/increase in Cash & Cash Equivalents	**(18,966,818)**	**29,680,526**
Cash & cash equivalents at beginning of the year	45,042,691	14,420,645
Cash & Cash Equivalents on the merger	-	941,520
Cash & Cash Equivalents at end of the Year	**26,075,873**	**45,042,691**
Analysis of Cash and Cash Equivalents (Note 23)		
Cash at bank	26,050,672	45,034,732
Cash in hand	25,201	7,959
	26,075,873	**45,042,691**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

01 Reporting entity

1.1.Domicile and Legal Form

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

1.2.Principal Activities and Nature of Operations

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

1.3.Principal Enterprise and Ultimate Enterprise

Senior Marketing System Asia (Pte) Limited is the Ultimate parent of E-Channelling PLC which holds 87.59% shares of E-channelling PLC.

1.4.Number of Employees

The total number of employees of the Company as at 31st March 2016 is 31 (2015 – 31).

1.5. Amalgamation between ECL Soft (Private) Limited and E-Channelling PLC

Consequent to the decision taken by the Board of Directors on 21st January 2015, ECL Soft (Private) Limited, fully owned Subsidiary of the the Company amalgamated with the Company on 27th March 2015.

02 Basis of preparation

2.1 Statement of compliance

The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow Statement, together with the notes, (the "Financial Statements") of the Company as at 31st March 2016 and for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.
The financial statements were authorized for issue by the Board of Directors on 18th August 2016.

2.2 Basis of measurement

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

- Available for sale financial assets are measured at fair value.
- Employee benefits are measured at present value based on an internally generated formula method.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

Note 3.2.1 - Impairment of trade receivables
Note 3.3.1 - Provision for depreciation
Note 3.3.2 - Amortization of intangible assets
Note 3.4.2 - Employee benefit obligations
Note 3.4.3 - Contingent liabilities
Note 3.6.9 - Deferred taxation

(i) Measurement of fair values

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

Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS,including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

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

03 Significant accounting policies

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

3.1 Foreign currency transactions

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

3.2 Financial instruments

3.2.1 Non derivative financial assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss , loans and receivables, held- to -maturity investments, available for sale financial assets as appropriate. The company determine the classification of its financial assets at initial recognition.Financial Assets are recognized when and only when the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognized they are measured at fair value plus directly attributable transaction costs,however in the case of financial assets classified at fair value through profit and loss, directly attributable transaction costs are not considered. The financial assets include cash and cash equivalent, short term investments, and investments in equity shares and trade and other receivables.

Subsequent measurement

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

(a) Loans & receivables

Loans and receivables are financial assets with fixed or determinable payments that are no quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method (EIR), less any impairment losses. The losses arising from impairment are recognized in the statement of comprehensive income in 'impairment losses on loans and receivables'.

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

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

(b) Available for sale financial assets

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

Available for sale financial assets comprises of investment in equity shares.

De-recognition

A financial assets is de-recognised when:

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

Impairment of financial asset

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

(a) Loans and receivables

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

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

(b) Available for sale financial assets

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

3.2.2 Non derivative financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

De-recognition

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

3.2.3 Amortised cost measurement

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

3.2.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.3 Non-Financial assets and basis of measurement

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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

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 comprehensive income as incurred.

De-recognition

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

Depreciation

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

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

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

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

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

3.3.2 Intangible assets

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

Basis of recognition

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

Software

All computer software costs incurred licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less amortisation and any accumulated impairment losses.

Amortisation

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

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

License Software 03 Years
Hospital net Software 10 Years

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

De-recognition

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

3.3.3 Impairment - non financial asset

The carrying values of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use,the recoverable amount is estimated each year.

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

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

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

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

3.4 Liabilities and provisions

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 Capital commitments & contingencies

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

3.5 Events after the reporting date.

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

3.6 Statement of comprehensive income

3.6.1 Revenue recognition

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

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

3.6.2 Profit on disposal of property, plant & equipment

Profits or losses resulting from disposal of property, plant & equipment have been accounted on cash basis in the statement of profit or loss.

3.6.3 Dividend income

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

3.6.4 Interest income

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

3.6.5 Expenditure

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

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

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the Company is before income tax expense and after making provision for all known liabilities and for the depreciation of property, plant & equipment.

3.6.6 Finance income

Finance income comprises interest income from short term investments and interest from loan given to ECL soft.

NOTES TO THE FINANCIAL STATEMENTS

3.6.7 Income tax expense

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

3.6.8 Current tax

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

3.6.9 Deferred tax

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

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

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

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

A deferred tax 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 reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, based on the level of future taxable profit forecasts and tax planning strategies.

3.6.10 Value Added Tax (VAT)

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

3.6.11 Nations Building Tax (NBT)

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

04 Basic earnings per share (EPS)

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS

05 Related party transactions

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

06 Cash flow statement

The statement of cash flows has been prepared by using the “indirect method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on ‘Statement of cash flows’. Cash and cash equivalents comprise of cash in hand and cash at bank.

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

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

a) SLFRS 9 - Financial Instruments

SLFRS 9 as issued reflects there placement of LKAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after January 01,2018. The adoption of SLFRS 9 will have an impact on classification and measurement of Company’s financial assets.

b) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes acomprehensive framework for determining whether, how much and when revenue is recognised.It replaces existing revenue recognition guidance, including LKAS 8 on 'Revenue' and LKAS 11 on 'Construction contracts'. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018, with early adoption permitted.

c)SLFRS 14 - Regulatory Deferral Accounts

SLFRS 14 establishes the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. SLFRS 14 is effective for annual reporting periods beginning on or after 1st January 2016, with early adoption permitted. However there is no impact to the Financial Statements of the Company.

d) LKAS 41 - Agriculture : Bearer Plants

These amendments require a bearer plant, defined as a living plant,to be accounted for as property, plant and equipment and included in the scope of LKAS 16 Property, Plant and Equipment, instead of LKAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. However there is no impact to the Financial Statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	2016 Rs.	2015 Rs
08. Revenue		
Revenue from portals	183,496,739	152,312,042
Software & other income	1,994,782	4,335,626
Call charges income	7,102,788	6,277,783
Doctor notification income	6,724,518	60,755
D-Doctor notification income	248,638	-
Revenue from membership cards	1,442,564	12,643
Revenue from no-show refund	9,616,548	145,015
	210,626,577	**163,143,864**

	2016 Rs.	2015 Rs
09. Other Income		
Dividend income	12,093	442
Profit on disposal fixed assets	20,000	-
Other income	769,325	75,515
	801,418	**75,957**

	2016 Rs.	2015 Rs
10. Other expenses		
Impairment of investments in equity shares	1,118,722	-
Foreign exchange loss	-	29,956
	1,118,722	**29,956**

11. Profit from Operations

Profit from operations is stated after charging all the expenses including the following

	2016 Rs.	2015 Rs
Depreciation	4,070,994	1,598,963
Amortization	3,024,682	2,598,425
Salary related expenses	21,393,210	15,287,799
EPF	6,421,427	2,290,833
ETF	1,282,235	458,167
Auditor's remuneration	250,000	260,000
Employee benefits	1,879,551	1,113,170
Legal expenses	10,218,608	1,922,583
Penalties and surcharges	-	43,394
Directors' remuneration	22,314,407	3,184,127
Impairment provision for trade receivable	1,714,352	97,080
Impairment of investments in equity shares	1,118,722	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	2016 Rs.	2015 Rs.
12. Finance Income		
Interest income from loan to ECL Soft (PVT) LTD	-	17,748
Interest income from short term investments	8,092,144	3,606,522
Finance Income	**8,092,144**	**3,624,270**
13. Income Tax Expense		
Current taxation	27,157,308	18,715,420
Under/(Over) provision in respect of previos years	(17,669)	19,301,047
Reversal of deferred tax (Note 18)	4,328,720	1,309,683
	31,468,359	**39,326,150**

13.1Reconciliation Between Accounting Profit to Income Tax Expense

Profit before tax	110,415,778	103,137,548
Exempt (income)/expenses	(12,093)	(442)
Disallowable expenses	10,456,733	5,641,782
Allowable expenses	(8,193,920)	(5,946,910)
Tax losses claimed during the year	(15,676,113)	(35,991,192)
Total taxable income	**96,990,385**	**66,840,786**
Income tax at 28%	27,157,308	18,715,420
	27,157,308	**18,715,420**

13.2 Analysis of tax losses

Losses brought forward	15,676,113	51,667,305
Losses claimed during the year	(15,676,113)	(35,991,192)
Losses carried forward	**-**	**15,676,113**

14. 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 in issue during the year as required by LKAS 33 "Earnings per share".

	2016 Rs.	2015 Rs.
Profit attributable to equity holders of the company (**Rs.**)	78,947,419	63,811,398
Weighted average number of ordinary shares	122,131,415	122,131,415
Earnings per share **(Rs.)**	0.65	0.52

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March

15. Property, Plant & Equipment

	Computer Equipment	Computer Services	Furniture & Fitings	Motor Vehicle	Office Equipment	Total 2016	Total 2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	Rs.
Cost							
Balance as at 1 April	11,883,213	41,426,759	946,954	4,000,000	1,696,968	59,953,894	41,973,714
Additions during the year	314,500	-	15,873	-	565,602	895,975	17,980,180
Disposals during the year	-	-	-	-	(122,000)	(122,000)	-
Balance as at 31 March	**12,197,713**	**41,426,759**	**962,827**	**4,000,000**	**2,140,570**	**60,727,869**	**59,953,894**
Accumulated Depreciation							
Balance as at 1 April	11,592,443	28,505,900	845,003	543,562	1,352,104	42,839,012	41,240,049
Charge for the year	257,448	2,673,500	37,993	802,191	299,862	4,070,994	1,598,963
Disposals during the year	-	-	-	-	(122,000)	(122,000)	-
Balance as at 31 March	**11,849,891**	**31,179,400**	**882,996**	**1,345,753**	**1,529,966**	**46,788,006**	**42,839,012**
Carrying Amount							
As at 31 March 2016	**347,822**	**10,247,359**	**79,831**	**2,654,247**	**610,604**	**13,939,863**	**-**
As at 31 March 2015	290,770	12,920,859	101,951	3,456,438	344,864	-	17,114,882

15.1 Fully depreceiated assets

Property, Plant and equipment includes fully depreciated assets which are still in use as at reporting date amount into Rs. 41,438,691/- (2015 Rs. 41,488,963/-).

16. Intangible Assets

	2016	2015
	Rs.	Rs.
Cost		
Balance as at 01 April	17,580,865	16,767,186
Additions during the year	2,968,612	813,679
Balance as at 31 March	**20,549,477**	**17,580,865**
Accumulated amortization		
Balance as at 01 April	11,656,083	9,057,658
Amortization for the year	3,024,682	2,598,425
Balance as at 31 March	**14,680,765**	**11,656,083**
Carriying amount	**5,868,712**	**5,924,782**

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2016 RS.	2015 RS.

17. Employees' Share Ownership Trust Fund

Balance as at 01 April	1,160,000	1,160,000
Disposal of shares under ESOT fund	(1,160,000)	-
Balance as at 31 March	**-**	**1,160,000**

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

The shares in the fund have been fully sold on May 7th 2015 for a consideration of Rs 11,311,310. The expenses incurred was Rs. 312,990 for legal and brokerage fees.The balance amount of Rs. 9,838,320 is payable to employees is categorized under note 26 “Trade and other payables” as liablities.

18. Deferred Tax Assets /(Liability)

Balance as at 01 April	3,676,331	5,039,575
Reversal of timing differences – recognised in profit or loss	(4,328,720)	(1,309,683)
Reversal of timing differences – recognised in other comprehensive income	66,096	(53,561)
Balance as at 31 March	**(586,293)**	**3,676,331**

Deferred tax assets /(Liability) have derived as follows;

Brought forward tax losses	-	4,415,294
Temporary difference from property, plant & equipment	(1,848,769)	(1,694,797)
Temporary difference from employee benefits	1,262,476	955,834
	(586,293)	**3,676,331**
Tax at	**28%**	**28%**

19. Inventories

Member cards	410,234	456,663
Balance as at 31 March	**410,234**	**456,663**

20. Trade & Other Receivables

Trade receivable	4,733,371	4,546,111
Provision for impairment of trade receivable (Note 20.1)	(2,816,432)	(1,199,080)
	1,916,939	3,347,031
Advance, prepayments and other receivables (Note 20.2)	41,717,494	42,115,149
WHT and tax receivable	1,210,441	407,011
	44,844,874	**45,869,191**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2016 Rs.	2015 Rs.

20.1 Provision for impairment of trade receivable

	2016 Rs.	2015 Rs.
Opening Balance	(1,199,080)	(150,258)
During the year provision	(1,714,352)	(97,080)
Transfer from ECL Soft (Pvt) Limited due to merger	-	(1,102,000)
Written off during the year	97,080	150,258
Closing balance	**(2,816,432)**	**(1,199,080)**

20.2 Advance, Prepayments and other Receivables

	2016 Rs.	2015 Rs.
Advance, prepayments and other receivables	44,282,494	44,680,149
Provision for impairment	(2,565,000)	(2,565,000)
Balance as at the end of the year	**41,717,494**	**42,115,149**

21. Short Term Investments

	2016 Rs.	2015 Rs.
Investment in fixed deposits	148,711,328	55,137,279
Interest receivable	2,338,885	252,484
	151,050,213	**55,389,763**

22. Investments in equity shares
Name of the company

	31st March 2016			31st March 2015		
	No. of shares	Cost (Rs.)	Market Value (Rs)	No. of shares	Cost(Rs)	Market Value (Rs)
Citrus Leisure PLC	31,199	944,741	209,033	31,199	944,741	433,546
Taj Lanka Hotels PLC	10,000	606,702	234,000	10,000	606,702	262,000
Blue Diamonds Jewellery Worldwide PLC	700	2,372	700	700	2,372	990
Serendib Hotels PLC (Voting)	7	162	193	7	162	196
Serendib Hotels PLC (Non Voting)	93	1,628	1,628	93	1,628	2,000
York Arcade Holdings PLC	100	3,847	1,300	100	3,847	1,500
Lanka Century Investment PLC	100	7,100	1,000	100	7,100	130
Nations Trust Bank PLC	100	8,100	7,420	100	8,100	10,010
Seylan Bank PLC (Non Voting)	100	7,500	6,300	100	7,500	6,340
Kalamazoo Systems Ltd	11	11,396	28,600	11	11,396	11,000
Lankem Developments Ltd	100	59	400	100	59	600
Citrus Beach Resort Limited	20	20	266	20	20	348
Lake House Priters and Publishers PLC	10697	1,093,983	1,195,925	10,697	1,093,983	1,303,964
		2,687,610	**1,686,765**		**2,687,610**	**2,032,624**

Equity securities are classified as available for sale financial assets. When the market value is significantly less than the cost of the investment and the decline in value is prolonged, such securities are considered to be impaired. Accordingly an impairment loss of Rs.1,118,722 was reclassified to Statement of Profit or loss from comprehensive income during the year.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2016 Rs.	2015 Rs.
23. Cash & Cash Equivalents		
Cash at bank	26,050,672	45,034,732
Cash in hand	25,201	7,959
Cash and cash equivalents for the purpose of statement of cashflows	**26,075,873**	**45,042,691**

24. Stated Capital		
Issued and fully paid 122,131,415 shares	93,758,316	93,758,316
	93,758,316	**93,758,316**

25. Employee Benefits		
Balance as at 01 April	3,413,692	2,109,234
Provision for the year (Note 25.1 & 25.2)	1,643,494	1,304,458
	5,057,186	**3,413,692**
Payments during the year	(548,342)	-
Balance as at 31 March	**4,508,844**	**3,413,692**

25.1 The amount recognized in the statement of profit or loss as follows;		
Current service cost	1,625,596	902,733
Interest cost	253,955	210,436
25.2 The amount recognized in the statement of - other comprehensive income as follows;		
Acturial loss/(Gain)	(236,057)	191,289
	1,643,494	**1,304,458**

25.3 The employee benefit obligation is calculated - based on an internally developed method.

Principal assumptions used are as follows;		
Rate of discount	10%	10%
Rate of salary increment	9%	9%
Retirement age	55	55

25.4 Sensitivity of assumptions used

If one percentage point change in the assumed discount rate would have the following effects:

Increase by one percentage	(109,065)	(255,382)
Decrease by one percentage	112,804	27,503

If one percentage point change in the assumed annual average salary increment rate would have the following effects:

Increase by one percentage	112,804	279,241
Decrease by one percentage	(111,050)	(259,901)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2016	2015
26. Trade & Other Payables	**Rs.**	**Rs**
Trade payables	23,206,044	27,214,796
Payable to employees - ESOT (Note 26.1)	9,838,320	-
Accrued expenses and other payable	15,191,174	13,485,499
	48,235,538	**40,700,295**

26.1 Payable to employees ESOT

This balance is payable to employees of the Company under ESOT. This payable balance is derived as follows;

Sales proceeds form shares disposed	11,311,310
Original cost of shares invested in ESOT	(1,160,000)
Legal and brokerage fee	(312,990)
Balance payable to employees	**9,838,320**

27. Related Party Disclosure

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related party diclosures", the details of which are reported below.

27.1 Parent and ultimate controlling party

In the opinion of the Directors, Senior Marketing System Asia (Pte) Limited is the parent Company of E- Channelling PLC. No transactions have taken place during the year with the parent.

27.1 Transactions with Key Management Personnel (KMP)

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

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

28. Financial Risk Management
Overview

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

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

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

Risk Management Framework

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

28.1. Credit Risk

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

28.1.1. Exposure to credit risk

The Carrying amount of principal assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was,

As at 31 March	**2016**	**2015**
	Rs.	**Rs.**
Trade Receivables	4,733,371	4,546,111
Short Term Investments	151,050,213	55,389,763
Investment in equity shares	1,686,765	2,032,624
Cash at bank	26,050,672	45,034,732
	183,521,020	**107,003,230**

28.1.2 Management of Credit Risk

Trade & Other Receivables

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

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

As at 31 March

Age analysis of trade receivables

	Not Past Due	Past due: Less than 30 days	Past due: 31 to 60 days	Past due: 61 to 90 days	Past due: More than 91days	Impaired	Total
Trade receivables	-	689,614	1,105,216	24,211	3,011,330	(2,913,432)	1,916,939

Short term investments

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

Cash & Cash Equivalents

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

28.2. Liquidity risk

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

28.2.1 The maturity analysis of liabilities

As at 31 March

	2016			2015		
		Contractual cash flows			Contractual cash flows	
	Carrying amount	6months or less	6-12 months	Carrying amount	6months or less	6-12 months
Non derivative financial liabilities						
Trade and other payables	48,235,538	46,137,619	2,097,918	40,700,295	37,615,797	3,084,498
	48,235,538	**46,137,619**	**2,097,918**	**40,700,295**	**37,615,797**	**3,084,498**

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

28.2.2 Management of liquidity risk

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

a) Regulating monitoring of the Company's assets and liabilities in order to forecast cash flow for future purpose.

b) Arrange adequate facilities with banks as contingency measures.

c) Daily monitoring the facility limits, i.e. overdrafts with banks

28.3. Market Risk

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

28.3.1. Currency Risk

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

28.3.2. Interest Rate Risk

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

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

28.4 Fair values of financial instruments

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

Company as at 31 March 2016

	Carrying amount					Fair value			
	Available for sale	Fair Value through profit or loss	Loans and receivables	other financial liabilities	Total	Level 01	Level 02	Level 03	Total
Financial assets measured at fair value									
Investment in equity shares	1,686,765	-	-	-	1,686,765	1,686,765	-	-	1,686,765
	1,686,765	-	-	-	1,686,765	1,686,765	-	-	1,686,765
Financial assets- not measured at- fair value									
Trade Receivables	-	-	4,733,371	-	4,733,371	-	-	-	-
Short Term Investments	-	-	151,050,213	-	151,050,213	-	-	-	-
Cash and cash equivalents	-	-	26,075,873	-	26,075,873	-	-	-	-
	-	-	181,859,457	-	181,859,457	-	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	48,235,538	48,235,538	-	-	-	-
	-	-	-	48,235,538	48,235,538	-	-	-	-

The Company has not disclosed the fair values for financial instruments such as trade & other receivables and payables because their carrying value is a reasonable approximation of fair values.

28.5 Financial assets by fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

28.6 Capital Management

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

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

	2016 Rs.	2015 Rs.
Total liabilities	67,730,016	80,542,844
Less : Cash and cash equivalents	26,075,873	45,042,691
Adjusted net debt	**93,805,889**	**125,585,535**
Total equity	176,146,518	96,124,083
Adjusted net debt to adjusted equity ratio	53%	131%

29. Events Occurring after the Reporting Date

There were no material events occurring after the reporting date as at 31 March 2016 that require adjustments to or disclosure in the Financial Statements other than the following disclosure.

30. Capital Commitments and contingencies

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

31. Comparative Information

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

32. Directors Responsibilities

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

FIVE YEARS PERFORMANCE SUMMURY

For the year ended 31 March	2012	2013	2014	2015	2016
Revenue	88,224,800	131,276,778	162,536,342	163,143,864	210,626,577
Administrative expenses	(55,475,628)	(72,515,843)	(60,365,063)	(62,011,082)	(102,574,926)
Profit from operating activities	101,881,237	59,644,180	100,746,533	99,513,278	102,323,634
Profit before taxation	104,212,937	64,370,802	111,170,354	103,137,548	110,415,778
Profit/(loss) for the year	97,819,417	80,437,139	90,254,674	63,811,398	78,947,419
Total Assets	232,916,017	315,458,801	200,005,842	176,666,927	243,870,534
	232,916,017	315,458,801	200,005,842	176,666,927	243,870,534
Equity	170,570,078	232,460,021	158,484,318	96,124,083	176,146,518
Total Liabilities	62,345,939	82,998,779	41,521,524	80,542,844	67,730,016
	232,916,017	315,458,801	200,005,843	176,666,927	243,876,534
Other Information					
Earnings/ (Loss) Per Share (Rs.)	0.80	0.66	0.74	0.52	0.65
Market Price Per Share (Rs.)	6.10	6.10	13.70	11.50	8.00
Net Assets Per Share (Rs.)	1.40	1.90	1.30	0.79	1.44
Dividend Payout Ratio (Rs.)	-	0.23	1.83	-	-
Current Ratio (Times)	1.16	1.62	0.85	1.93	3.58

SHAREHOLDER INFOMATION

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31.03.2016

Shareholdings		Resident			Non Resident			Total		
		Number of Share holders	No. of Shares	Percentage (%)	Number of Share holders	No. of Shares	Percentage (%)	Number of Share holders	No. of Shares	Percentage (%)
1 to	1,000 Shares	933	310,122	0.25	5	2,154	-	938	312,276	0.25
1,001 to	10,000 Shares	478	1,915,573	1.75	5	26,000	0.02	483	1,941,573	1.59
10,001 to	100,000 Shares	147	4,257,700	3.49	2	125,000	0.10	149	4,382,700	3.59
100,001 to	1,000,000 Shares	18	4,222,429	3.46	1	117,078	0.10	19	4,339,507	3.56
Over	1,000,000 Shares	2	2,611,800	2.14	2	108,543,559	88.87	4	111,155,359	91.01
		1,578	13,317,624	10.91	15	108,813,791	89.09	1.593	122,131,415	100.00

Categories of Shareholders	Number of Shareholders	Number of Shares
Individual	1,527	12,504,978
Institutional	66	109,626,437
	1,593	122,131,415

Issued share capital as at 31st March 2016	122,131,415
Less	
Parent Company	106,973,218
Subsidiaries of Parent	-
Subsidiaries of Company	-
Directors Shareholding	-
Spouses & Children under 18 of Directors	-
CEO, Spouse & Children under 18	-
Over 10% holding	-
Public holding	15,158,197
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 March 2016	
		No of Shares	% Holding
01	Senior Marketing System Asia (Pte).Limited	106,973,218	87.59
02	Sandwave Limited	1,570,341	1.29
03	Est.of.lat Perera (Deceased) Liyanage Saliya Ignatious	1,451,800	1.19
04	Mr.G.C. Goonetilleke	1,160,000	0.95
05	Mr.P. Rathnayaka	840,000	0.69
06	Dr. M. M. Rinoza	322,400	0.26
07	Mr.M.A.B. Morahela	289,300	0.24
08	Mr.A.H. Munasinghe	277,031	0.23
09	Mr.P Guruge	271,761	0.22
10	Mr.Van Starrex	239,281	0.20
11	Mr.Z.G Carimjee	231,933	0.19
12	Pan Asia Banking Corporation PLC /Mr.R.E Rambkwelle	230,000	0.19
13	Mr.D.K.A.K Weeratunga	219,544	0.18
14	Mr.T.R Selvanayagam	196,800	0.16
15	Mr.G.C.S Ramanayake	180,000	0.15
16	Mr.D.P Kumarasingha	174,989	0.14
17	Dasatha Investments Limited	163,331	0.13
18	Mr.M.J Perera	122,000	0.10
19	Mr.B.A Perera	120,400	0.10
20	Mr.F.N Herft	117,078	0.10

NOTICE OF ANNUAL GENARAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of E-Channelling PLC will be held at Sasakawa Hall, No 4, 22nd Lane, Colombo 03 on 30th September 2016 at 10.00 a.m.

AGENDA

1. To receive and consider the Report of the Directors on the State of Affairs of the Com pany and the Statement of Accounts for the year ended 31st March 2016, with the Report of the Auditors thereon.

2. To re-elect Mr. D.J.Stephen a Director who retires at the Annual General Meeting in terms of Article 86 and 87 of the Articles of Association of the Company.

3. To re-elect Mr. N. Goto Director who retires at the Annual General Meeting in terms of Article 94 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 contributions to charities for 2016/2017.

BY ORDER OF THE BOARD OF DIRECTORS OF
E-CHANNELLING PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED

……………………………..
SECRETARIES
Date: 30th August 2016

Note:(a) A member who is unable to attend and vote at the above mentioned meeting is entitled to appoint a Proxy to attend and vote in his or her place. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

(b)The completed Form of Proxy should be deposited at the Registered Office of the Company, Suncity Towers, Mezannie Floor, No.18, St. Anthony's Mawatha, Colombo 03 not later than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

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

Ms. Abulaiti Gulimire	of Japan or failing her
Mr. Tatsuya Koike	of Japan or failing him
Mr. Natsuki Goto	of Japan or failing him
Mr. Dallas Joshua Stephen	of Dehiwala or failing him
Mr. Sampath Arunapriya Hettiarachchi	of Nugegoda

as my/our proxy to represent me/us and vote on my/ our behalf at the Sixteenth Annual General Meeting of the Company to be held on 30th September 2016 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

		FOR	AGAINST
1.	To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Accounts for the year ended 31st March 2016, with the Report of the Auditors thereon.	☐	☐
2.	To re-elect Mr. N.Goto a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.	☐	☐
3.	To re-elect Mr. D.J. Stephen to Director who retires at the Annual General Meeting 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 contributions to charities for 2016/2017.	☐	☐

Signed this .... day of ....

Two Thousand and sixteen. Signature: …………………………...

Note : Please delete the inappropriate words.

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

INSTRUCTIONS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.

2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Reso lutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company at Suncity Towers, Mezannie Floor, No. 18, St. Anthony's Mawatha, Colombo 03, at least 48 hours before the time appointed for holding of the Meeting.

4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to Corporate Shareholders of E-Channelling 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.

Get Your E-Channelling Membership Card Now

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- E-Channelling Membership Card through 011 5 300 400
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15% DISCOUNT
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Up to 20% DISCOUNTS
• Conditions Apply
From Hospitals, Clinics and other Health Care Related Services

E-Channelling PLC
Suncity Towers, Mezzanine Floor,
18 St. Anthony's Mawatha,
Colombo 3, Sri Lanka

www.echannelling.com