Annual Report 2013-2014

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CORPORATE INFORMATION

Name of the Company

eChannelling PLC

Legal Form

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

Board of Directors

Mr. Tatsuya Koike
Mr. Jo Hatakeyama
Mr. Tsutomu Nobunaga
Mr. Kotaro Umeoka
Mr. Dallas Joshua Stephen
Mr. S.A. Hettiarachchi

Secretaries of the Company

S.S.P. Corporate Services (Private) Limited
No: 101, Inner Flower Road,
Colombo 03.

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.

Bankers

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

Subsidiary

ECL Soft (Private) Limited

CHAIRMAN'S STATEMENT

My dear Shareholders,
I am delighted on assuming the chairmanship of eChannelling PLC which has made great strides since its inception a decade ago.

In the past year, the Company delivered a considerably improved financial result evidenced by a growth of pre-tax profit from Rs. 64.4Mn to 111.2Mn despite significant challenges. The strong performance in 2013/14 leaves us well placed for the continued growth and success in 2014/15.

According to Central Bank of Sri Lanka, the Sri Lankan economy rebounded strongly in 2013 with an annual real GDP growth of 7.3 per cent, while inflation, which remained comparatively low for the fifth consecutive year, has gradually declined further to reach mid-single digit by the end of the year. While fiscal policy focused on promoting sustainable and regionally balanced growth in the medium term, the key fiscal indicators are showing gradual improvement as a result of continued efforts at fiscal consolidation.

As we move into this new phase of growth and development, I am confident that Mr. Tatsuya Koike will provide strong leadership as the Chief Executive Officer of the Company. I believe our Company has a solid foundation to address untapped opportunities in 2014 and beyond. Being in a more focused business in healthcare, having our Board refreshed, we are enthusiastically executing a clear strategy for delivering value for our business partners, employees, shareholders and our customers in a long term view.

I eagerly look forward to working with the Management Team in continuing our Company's purposeful journey to play an important role in the social and economic development of Sri Lanka and in doing so, to fulfill our vision on delivering the most sought after software solutions in the Healthcare Industry.

Jo Hatakeyama
Chairman
19th August 2014

MESSAGE FROM CEO

eChannelling PLC has had a year of great success, both in the context of business growth as well as in its operational improvement to become a solid entity to overcome current and future challenges.

On behalf of eChannelling PLC, with deep sense of pride and accomplishment, I present you the annual report of the Company.

It is worthwhile to note that the Company recorded stable growth during the year. The pre-tax profit of the Company grew by 73% over last year to record Rs. 111.2Mn while the Company posted Rs. 90.2Mn after tax profit, an increase of 12% over 2012/13.
Whist the Return on Average Assets recorded 35%, and the Return on Average Capital Funds amounted to 46% as at the end of the financial year.

The Company has shown continued healthy growth over the year. The newly launched channeling service with a cancelation option, “No Show”, contributed to the revenue growth of channeling service.

Senior Marketing System Asia Pte. Ltd., a subsidiary of SMS Co. Ltd., which is a listed company in Japan, increased its share in the Company and appointed new Non-Independent Non-Executive Directors. I warmly welcome Jo Hatakeyama, Tsutomu Nobunaga, and Kataro Umeoka to the Board. Their combined management expertise, international experience and insight will be invaluable in guiding the company in the future.

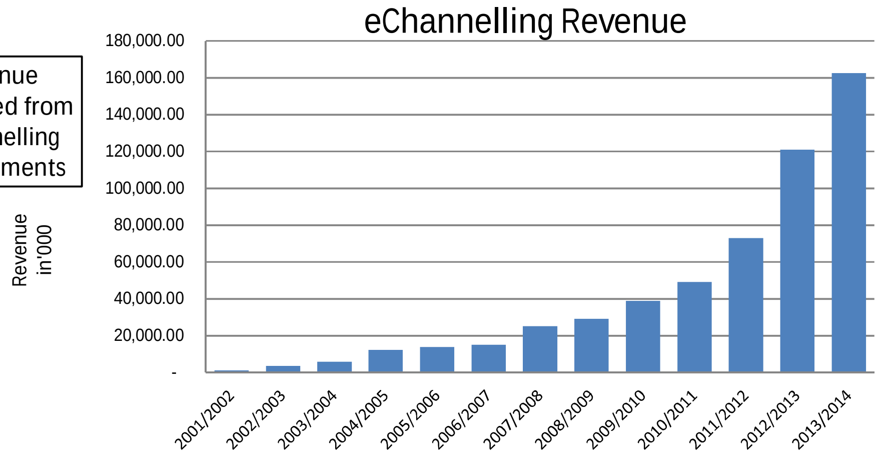
The Company, with its new Board Members and the Management Team, is ready to embark upon a diversified action plan to reach island-wide presence and provide superior service in healthcare IT sector. We will do our utmost to address un-tapped opportunities in healthcare IT industry in the years ahead.

I wish to thank our Management Team and the Staff at all level for their sincere and immerse support and contribution. I also extend my special gratitude to the other Board Members for their valuable insights and guidance.

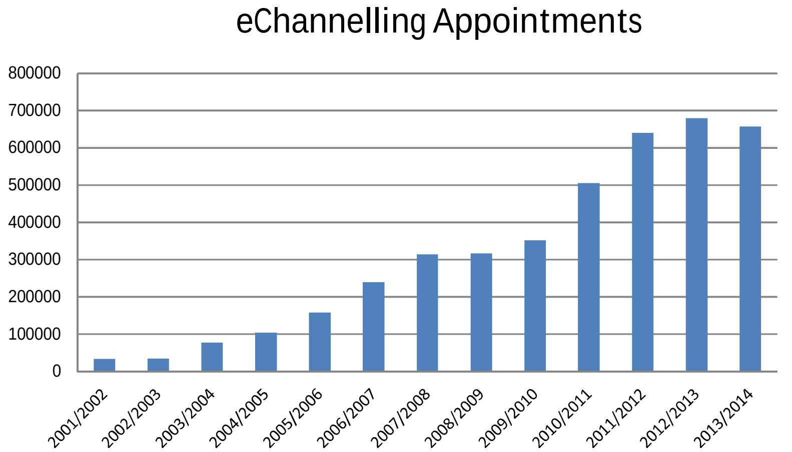
Tatsuya Koike
Chief Executive Officer (CEO)
19th August 2014

ECHANNELLING PERFORMANCE CHARTS

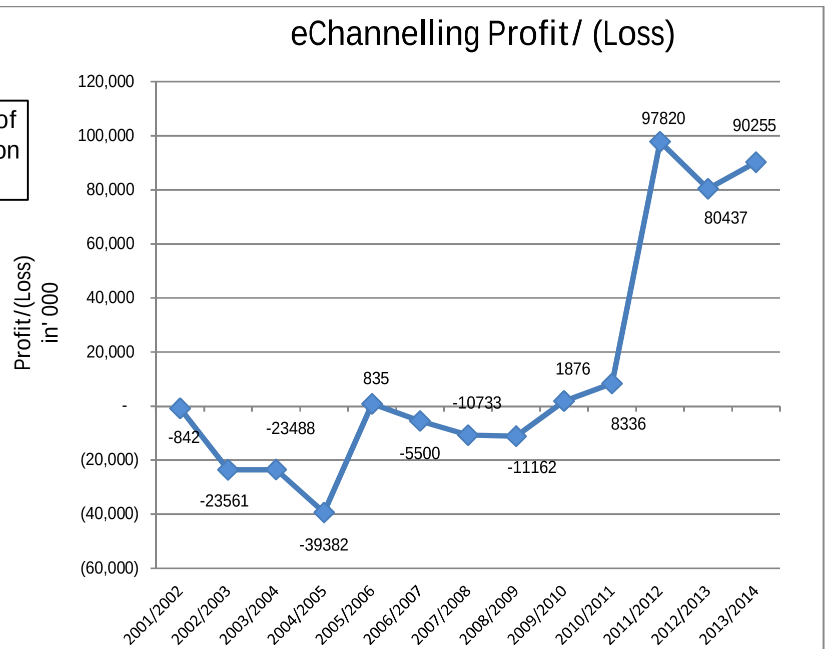
Revenue generated from eChannelling appointments



The number of appointments made through our network



Profit / (Loss) of the Organisation since launch



Mr. Tatsuya Koike
B.Sc. Chemistry
Non Independent, Executive Director & CEO

Mr. Tatsuya Koike was appointed to the Board of eChannelling PLC on 16th April 2014. He worked as the Business Manager in 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. Jo Hatakeyama
MBA, Certified US CPA, CCE
Non Independent, Non-Executive Director & Chairman

Mr. Jo Hatakeyama was appointed to the Board of eChannelling PLC on 13th June 2014. He is a Director of Senior Marketing System Asia Pte. Ltd. He worked as a Manager in Corporate Planning Department at SMS Co. Ltd., (2013-2014), Associate at McKinsey & Company Inc. (2010-2013), and as a Credit Manager in Credit Administration Group (2006-2008), Risk Manager in Investment & Credit Dept. (2005-2006), Risk Analyst in Portfolio Management Dept. (2000-2005) at Mitsubishi Corporation.
Mr. Jo Hatakeyama has more than fourteen years' experience in multiple industries including Healthcare sector. Mr. Hatakeyama holds a MBA from Northwestern University, USA and a Bachelor's Degree in Economics from Waseda University, Japan and he is also a Certified US CPA.

Mr. Tsutomu Nobunaga
B.Sc. Material Science and Engineering, M.Sc. Material Science and Engineering
Non Independent, Non-Executive Director

Mr. Tsutomu Nobunaga was appointed to the Board of eChannelling PLC on 13th June 2014. He is a Director of SMS Co. Ltd. since May 2004, as well as the Managing Director of Senior Marketing System Asia Pte. Ltd., which is the main shareholder of eChannelling PLC. He worked for Keyence Corporation, Japan from April 1999 to April 2004.
Mr. Tsutomu Nobunaga has more than ten years' experience in the Healthcare Sector.

Mr. Kotaro Umeoka
B.Sc. Management Engineering
Non Independent, Non-Executive Director

Mr. Kotaro Umeoka was appointed to the Board of eChannelling PLC on 13th June 2014. He has been the Manager, Internal Audit Department at SMS Co. Ltd., since 2009. SMS Co. Ltd., has 100% ownership of Senior Marketing System Asia Pte. Ltd., which is the main shareholder of eChannelling PLC. Previously, he was working as a Senior Risk Consultant at KPMG Business Assurance Japan Co. Ltd. (2007-2009) and as an Accounting Auditor at KPMG AZSA LLC (2001-2007).

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

Mr. Dallas Joshua Stephen was appointed to the Board of eChannelling PLC on 26th of September 2012. He is a well established practicing marketer with over sixteen 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 eChannelling PLC on 1st of 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 18 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. 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).

With a commitment to high ethical standards, eChannelling PLC 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 governance as 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 is responsible for the continued appropriate management of the group while ensuring that it accomplishes its goals. The Board meets regularly to establish, maintain direction and to provide guidance to ensure the company's and group'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 organization.

The following table illustrates how the organization 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 six Directors as at the date of the Annual Report. Out of which five Directors are non-executive directors.
7.10.2. (a)	Independent Directors	Two or one third of the non-executive directors whichever is higher shall be independent.	Complied with.	The Board comprises of two independent non-executive Directors as at the date of the Annual Report.
7.10.2. (b)	Independent Directors	Each non-executive director should submit a declaration of independence in the prescribed format.	Complied with.	All non-executive Directors have submitted their declaration of independence in the prescribed format.

7.10.3. (a)	Disclosure relating to Directors	Names of independent Directors should be disclosed in the annual report.	Complied with.	The names of the Independent Directors are disclosed on the pages 6 & 7 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 6 & 7 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 Remuneration Committee shall comprise a minimum of two Independent non-executive directors or non-executive directors, a majority of whom shall be Independent whichever is higher.	Complied with.	The committee has two members, who are independent.
7.10.6.	Audit Committee	A listed company shall have an audit committee.	Complied with.	The company has an audit committee comprising of two members.
7.10.6. (a)	Composition of Audit Committee	The Audit Committee shall comprise a two independent Non-Executive Directors, or Non-Executive Directors, a majority of whom shall be independent whichever is higher.	Complied with.	The committee consists of two members who are independent. The Chairman of the committee is a member of a recognized accounting body.

REPORT OF THE REMUNERATION COMMITTE

The remuneration committee, which is a part of the Board of eChannelling PLC has reviewed the performance of senior management and determined a unique rewarding policy to attract and retain the best human capital to sustain operation 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 (Appointed w.e.f. from 28.01.2014)
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 analyzing 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.

As a special function the committee had ensured that staff costs are within the budget set by the Board, and are sustainable over time.

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 forecasted 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 independence, non-audit services and recommending to the Board on re-appointment of auditors.

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

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 meeting were attended by the CEO and the Finance Manger 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

eChannelling PLC 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 organisation.

   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 2014. 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 and CEO'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 operate an Internet based electronic commerce business to provide a booking service for the consultation of doctors and related medical services.

3. Auditor's Report
   The Auditor's report on the financial statements is given on page 18

4. Financial Statements
   The financial statements of the Company are given in pages 19 to 46

5. Accounting Policies
   During the year, Company has adopted the new SLFRS/LKAS and the accounting policies used in preparation of the Financial Statements of the Company and the Group are given at pages 23 to 35 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 and Group 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 31 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 2014 is given in Note 12 to the Financial Statements.

8. Corporate Donations
   No donations were made by the Company during the financial year for charitable or political purposes.

9. Directors and their Shareholdings
   Directors of the Company and their respective shareholdings as at 31st March 2014 are as follows.

	31.03.2013	31.03.2014
Mr. W.D.J.R. Silva	700	700
Ms. A.A. Aziz	100,000	100,000
Mr. D.J. Stephen	Nil	79,676
Mr. T.H.M. Wickramasinghe	Nil	Nil
Mr. S.A. Hettiarachchi	Nil	100,000
Mr. S.K. Hettiarachchige	Nil	79,000
Mr. Nasuki Goto	Nil	Nil

Mr. T.H.M. Wickramasinghe resigned from the Board with effect from 18th September 2013.

Messrs Mr. Nasuki Goto, Director representing the Senior Marketing System Pte Limited and Mr. S.K. Hettiarachchige representing the J.B. Cocoshell (Private) Limited was appointed to the Board with effect from 21st November 2013.

Mr. N. Goto resigned from Board with effect from 14th April 2014.

Mr. T. Koike representing Senior Marketing Systems Pte Limited was appointed to the Board with effect from 16th April 2014.

Mr. W.D.J. Ruwan Silva and Ms. Asmina Aziz resigned from the Board with effect from 13th June 2014.

Messrs Jo Hatakeyama, Tsutomu Nobunaga and Kotaro Umeoka were appointed to the Board with effect from 13th June 2014.

Mr. S.K. Hettiarachchige resigned from the Board with effect from 28th July 2014.

The Board wishes to place on record the Company's sincere appreciation to Mr. T.H.M. Wickremasinghe, Mr. S.K. Hettiarachchige and Mr. N. Goto for the valuable contribution extended to the Company during their tenure on Board.

The Board also wishes to place on record the Company's sincere appreciation to Mr. W.D.J. Ruwan Silva, former Chairman and CEO and Ms. Azmina Aziz, Executive Director for the valuable contribution extended to the Company.

In terms of Article 86 of the Articles of Association of the Company Mr. D.J. Stephen and Mr. S.A. Hettiarachchi retire by rotation and being eligible offer themselves for re-election.

In terms of Article 94 of the Articles of Association of the Company Messrs T. Koike, Jo Hatakeyama, Tsutomu Nobunaga and Kotaro Umeoka retire and being eligible offer themselves for re-election.

10. Auditors

The Financial Statements for the year ended 31st March 2014 has 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 231,000 (2013 – LKR 220,000) as audit fees by the Company. In addition they were paid LKR 186,966 (2013 – LKR 00) by the Company for non-audit related work.

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

11. Dividends

The Directors declared a First & Final Dividend of LKR 0.50 per share for the year ended 31st March 2013, which was paid on 9th October 2013.

The Directors declared a First Interim Dividend of LKR 0.35 per share for the year ending 31st March 2014, which was paid on 12th December 2013.

The Director declared a Second Interim Dividend of LKR 0.50 per share for the year ending 31st March 2014, which was paid on 20th February 2014.

12. Investments

Details of investments held by the Company are disclosed in Note 20 to the Financial Statements.

13. 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 18 to the Financial Statements.

14. 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 17 to the Financial Statements.

15. Capital Commitments

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

16. 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.

17. Reserves
Retained earnings as at 31st March 2014 amount to LKR 65,058,404/-. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

18. Events Subsequent to the Reporting Date
No significant events have occurred since the reporting date other than those disclosed in Note 33 to the Financial Statements.

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

20. Taxation
The tax position of the Company is given in Note 14 to the Financial Statements.

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

	31.03.13	31.03.14
Market price per share as at 31st March	6.10	13.70
Highest share price during the year	7.40	15.40
Lowest share price during the year	3.70	3.30

22. Shareholding
The number of registered shareholders of the Company as at 31st March 2014 was 1,568.

23. Major Shareholders
The twenty largest shareholders of the Company as at 31st March 2014, together with an analysis are given on page 49.

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

25. 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.

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

26. 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.

27. Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2014.

28. Annual General Meeting

The Fourteenth Annual General Meeting of the Company will be held at Sri Lanka Japan Cultural Centre (Sasakawa Hall) on 30th September 2014 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: 29th August 2014

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
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+94 - 11 254 1249
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Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF eCHANNELLING PLC

Report on the Financial Statements

We have audited the accompanying financial statements of eChannelling PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statements of financial position as at 31 March 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out from pages 19 to 46 of the annual report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiary dealt with thereby as at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG

CHARTERED ACCOUNTANTS
Colombo
19 August 2014

STATEMENT OF COMPREHENSIVE INCOME

		GROUP		COMPANY	
For the year ended 31 March		2014	2013	2014	2013
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	08.	182,858,172	139,006,062	162,536,342	131,276,778
Cost of sales	09.	(72,402)	(220,430)	-	-
Gross Profit		182,785,770	138,785,632	162,536,342	131,276,778
Other income	10.	500,168	1,162,689	492,831	1,062,478
Administrative expenses		(62,454,658)	(73,556,001)	(60,365,063)	(72,515,843)
Selling and distribution expenses		(523,391)	(179,233)	(483,651)	(179,233)
Other expenses	11.	(52,091,132)	(848,999)	(1,433,926)	-
Profit From Operations	12.	68,216,757	65,364,088	100,746,533	59,644,180
Finance income		4,221,503	2,538,870	10,423,821	4,773,572
Finance costs		(1,142,901)	(7,175,242)	-	(46,950)
Net Finance Income/(Costs)	13.	3,078,602	(4,636,372)	10,423,821	4,726,622
Profit Before Tax		71,295,359	60,727,716	111,170,354	64,370,802
Income tax (expense)/reversal	14.	(21,714,231)	16,066,337	(20,915,680)	16,066,337
Profit for the Year		49,581,128	76,794,053	90,254,673	80,437,139
Other Comprehensive Income					
Net change in fair value of available-for-sale financial assets		61,266,095	(45,019,340)	912,164	(227,484)
Remeasurement of employee benefit obligation		(265,130)	-	(265,130)	-
Other Comprehensive Income/(Loss) for the Year		61,000,965	(45,019,340)	647,034	(227,484)
Total Comprehensive Income for the Year		110,582,093	31,774,713	90,901,708	80,209,655
Profit attributable to					
Equity holders of the company		63,147,518	78,028,234	90,254,673	80,437,139
Non controlling interest		(13,566,390)	(1,234,181)	-	-
Profit for the Year		49,581,128	76,794,053	90,254,673	80,437,139
Total Comprehensive Income Attributable to					
Equity holders of the company		104,030,506	47,939,513	90,901,708	80,209,655
Non controlling interest		6,551,587	(16,164,800)	-	-
Total Comprehensive Income for the Year		110,582,093	31,774,713	90,901,708	80,209,655
Earnings Per Share	15.	0.52	0.64	0.74	0.66
Dividends Per Share	16.	1.35	0.15	1.35	0.15

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

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
As at 31 March		2014	2013	2014	2013
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non Current Assets					
Property, plant & equipment	17.	733,665	1,993,754	733,665	1,993,754
Intangible assets	18.	7,666,825	6,499,895	7,709,529	6,563,950
Employee share ownership trust fund	19.	1,160,000	1,160,000	1,160,000	1,160,000
Long term investments	20.	104,705,000	104,705,000	-	-
Investment in subsidiary	21.	-	-	150,100,000	150,100,000
Deferred tax assets	22.	5,043,846	25,098,966	5,039,575	25,098,966
Total Non Current Assets		119,309,336	139,457,615	164,742,769	184,916,670
Current Assets					
Inventories		513,896	586,298	-	-
Trade & other receivables	23.	4,823,997	9,978,047	4,379,931	8,577,621
Short term investments	24.	14,379,678	29,244,146	14,379,678	29,244,146
Dealing securities	25.	1,915,385	58,238,339	308,061	1,690,803
Loan to subsidiary	26.	-	-	1,774,758	37,245,032
Cash & cash equivalents	27.	14,596,944	55,759,960	14,420,645	53,784,529
Total Current Assets		36,229,900	153,806,790	35,263,073	130,542,131
Total Assets		155,539,236	293,264,405	200,005,842	315,458,801
EQUITY AND LIABILITIES					
Equity					
Stated capital	28.	93,758,316	93,758,316	93,758,316	93,758,316
Retained earnings		(15,087,186)	86,907,837	65,058,404	139,946,271
Available for sale reserve		(625,563)	(41,773,681)	(332,402)	(1,244,566)
Equity attributable to the equity holders of the company		78,045,567	138,892,472	158,484,318	232,460,021
Non-controlling interest		34,849,841	28,298,254	-	-
Total Equity		112,895,408	167,190,726	158,484,318	232,460,021
Non Current Liabilities					
Employee benefits	29.	2,109,234	2,371,655	2,109,234	2,371,654
Total Non Current Liabilities		2,109,234	2,371,655	2,109,234	2,371,654
Current Liabilities					
Trade & other payables	30.	35,651,659	112,739,713	35,332,177	69,664,810
Current tax liabilities		4,882,935	10,962,311	4,080,113	10,962,316
Total Current Liabilities		40,534,594	123,702,024	39,412,290	80,627,126
Total Liabilities		42,643,828	126,073,679	41,521,524	82,998,780
Total Equity & Liabilities		155,539,236	293,264,405	200,005,842	315,458,801

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

I certify that these financial statements are in compliance with the requirements of companies Act No 07 of 2007.

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Finance Manager

Mr. 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 — Mr. S.A. Hettiarachchi

Director — Mr. D.J. Stephen

19th August 2014

Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP
For the Year Ended 31 March 2014

	Attributable to equity holders of the parent					
	Stated Capital Rs.	Available for-sale Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total Equity Rs.
Balance as at 01 April 2012	93,758,316	(11,684,960)	27,199,315	109,272,671	44,463,054	153,735,725
Comprehensive income for the year						
Profit for the year	-	-	78,028,234	78,028,234	(1,234,181)	76,794,053
Other comprehensive income	-	(30,088,721)	-	(30,088,721)	(14,930,619)	(45,019,340)
Total comprehensive income for the year	-	(30,088,721)	78,028,234	47,939,513	(16,164,800)	31,774,713
Transaction with owners of the company Distributions to owners						
Interim dividend - 2012/2013	-	-	(18,319,712)	(18,319,712)	-	(18,319,712)
Total transactions with owners of the Company		-	(18,319,712)	(18,319,712)	-	(18,319,712)
Balance as at 31 March 2013	93,758,316	(41,773,681)	86,907,837	138,892,472	28,298,254	167,190,726
Balance as at 01 April 2013	93,758,316	(41,773,681)	86,907,837	138,892,472	28,298,254	167,190,726
Comprehensive income for the year						
Profit for the year	-	-	63,147,518	63,147,518	(13,566,390)	49,581,128
Other comprehensive income	-	41,148,118	(265,130)	40,882,988	20,117,977	61,000,965
Total comprehensive income for the year	-	41,148,118	62,882,388	104,030,506	6,551,587	110,582,093
Transaction with owners of the company Distributions to owners						
Final dividend - 2012/2013	-	-	(61,065,708)	(61,065,708)	-	(61,065,708)
Interim dividend - 2013/2014	-	-	(103,811,703)	(103,811,703)	-	(103,811,703)
Total transactions with owners of the Company		-	(164,877,411)	(164,877,411)	-	(164,877,411)
Balance as at 31 March 2014	93,758,316	(625,563)	(15,087,186)	78,045,567	34,849,841	112,895,408

COMPANY
For the Year Ended 31 March 2014

	Stated Capital Rs.	Available for-sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2012	93,758,316	(1,017,082)	77,828,844	170,570,078
Comprehensive income for the year				
Profit for the year	-	-	80,437,139	80,437,139
Other comprehensive income	-	(227,484)	-	(227,484)
Total comprehensive income for the year	-	(227,484)	80,437,139	80,209,655
Transaction with owners of the company Distributions to owners				
Interim dividend - 2012/2013	-	-	(18,319,712)	(18,319,712)
Total transactions with owners of the Company	-	-	(18,319,712)	(18,319,712)
Balance as at 31 March 2013	93,758,316	(1,244,566)	139,946,271	232,460,021
Balance as at 01 April 2013	93,758,316	(1,244,566)	139,946,271	232,460,021
Comprehensive income for the year				
Profit for the year	-	-	90,254,673	90,254,673
Other comprehensive income	-	912,164	(265,130)	647,034
Total comprehensive income for the year	-	912,164	89,989,544	90,901,708
Transaction with owners of the company Distributions to owners				
Final devidend - 2012/2013	-	-	(61,065,708)	(61,065,708)
Interim dividend - 2013/2014	-	-	(103,811,703)	(103,811,703)
Total transactions with owners of the Company	-	-	(164,877,411)	(164,877,411)
Balance as at 31 March 2014	93,758,316	(332,402)	65,058,404	158,484,318

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

CASH FLOW STATEMENTS

	GROUP		COMPANY	
For the year ended 31 March	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Cash Flow From Operating Activities				
Profit before tax	71,295,359	60,727,716	111,170,354	64,370,802
Adjustments for :				
Provision for depreciation/amotization	3,663,348	4,289,944	3,684,700	4,289,944
Provision for employee benefits	586,540	637,063	586,540	637,063
Loss on sale of shares	52,091,132	848,999	1,433,926	-
Interest income	(4,221,503)	(2,538,870)	(10,423,821)	(4,773,572)
Interest expenses	1,142,901	7,175,242	-	46,950
Provision for impairment of bad & doubtful debts	1,252,258	2,565,000	150,258	2,565,000
Operating Profit before Working Capital Changes	125,810,035	73,705,094	106,601,957	67,136,187
Decrease/(Increase) in inventories	72,403	(586,298)	-	-
Decrease/(Increase) in trade & other receivable	3,901,792	(1,340,336)	4,086,216	(332,795)
Net change in amount due to/from related parties	(416,377)	473,000	(1,476,078)	1,471,517
(Decrease)/Increase in trade & other payables	(76,671,677)	41,371,600	(32,895,339)	14,646,794
Cash Generated from Operations	52,696,176	113,623,060	76,316,756	82,921,703
Interest paid	(1,142,901)	(7,175,242)	-	(46,950)
Interest received	4,915,187	2,502,611	11,117,505	4,278,751
Tax paid	(7,738,488)	(4,232,839)	(7,738,492)	(4,233,837)
Employee benefits paid	(1,114,090)	(901,325)	(1,114,090)	(901,326)
Net Cash Generated from Operating Activities	47,615,884	103,816,265	78,581,679	82,018,341
Cash Flow From Investing Activities				
Acquisition of property plant and equipment	(3,570,189)	(2,217,958)	(3,570,189)	(2,158,497)
Net Proceeds from short term investments	13,335,020	6,021,901	13,335,020	6,481,461
Loan recovered/granted to subsidiary	-	-	35,470,274	(34,315,584)
Investment in shares	(13,670,942)	(60,421,478)	-	-
Proceeds from sale of shares	80,004,622	27,385,560	1,696,743	-
Investments in long term investments	-	(29,705,000)	-	-
Net Cash Generated from/(Used in) Investing Activities	76,098,511	(58,936,975)	46,931,848	(29,992,620)
Cash flow from Financing Activities				
Employee share ownership trust fund - sale of shares	-	1,625,000	-	1,625,000
Dividends paid	(164,877,411)	(18,319,712)	(164,877,411)	(18,319,712)
Net Cash Used in Financing Activities	(164,877,411)	(16,694,712)	(164,877,411)	(16,694,712)
Net (decrease)/increase in Cash & Cash Equivalents	(41,163,016)	28,184,578	(39,363,884)	35,331,009
Cash & cash equivalents at beginning of the year	55,759,960	27,575,382	53,784,529	18,453,520
Cash & Cash Equivalents at end of the Year	14,596,944	55,759,960	14,420,645	53,784,529
Analysis of Cash and Cash Equivalents (Note 27)				
Cash at bank	14,559,100	55,597,857	14,383,801	53,687,165
Cash in hand	37,844	162,103	36,844	97,364
	14,596,944	55,759,960	14,420,645	53,784,529

01 Reporting entity

eChannelling PLC (the "Company"), is a public quoted Company incorporated on 27 July 2000 and domiciled in Sri Lanka. The address of the Company's registered office is Sun city Towers, Mezzanine Floor No.18, St. Anthony's Mawatha, Colombo – 03. The consolidated financial statements of the Group as at and for the year ended 31st March 2014 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities").

The principal activity of the Company and its subsidiary are to operate an internet based electronic commerce (e-commerce) business and to promote the products globally with a primary vision of providing channeling service to consult doctors and related medical services.

02 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

The financial statements were approved by the Board of Directors on 19th August 2014.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

The financial statements of the Company and the Group 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 in conformity with SLFRS/LKAS requires management to make 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 3.3.1 - Impairment of trade receivables
Note 3.4.1 - Provision for depreciation
Note 3.4.2 - Amortization of intangible assets
Note 3.5.2 - Employee benefit obligations
Note 3.5.3 - Contingent liabilities
Note 3.6.9 - Deferred taxation

03 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

The Group's financial statements comprise consolidated financial statements of the Company and its subsidiary in terms of LKAS - 27 on Consolidated and Separate Financial Statements. All intra Group balances, income and expenses and profits and losses resulting from intra Group transactions are eliminated in full.

3.1.1 Acquisitions and divestments

An acquisition of subsidiary is accounted for using the purchase method of accounting. The result of subsidiary has been included from the date of acquisition, or incorporation while results of subsidiary disposed will be included up to the date of disposal.

3.1.2 Subsidiary

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

An investment in Subsidiary is treated as long-term investments and is valued at cost less any impairment losses in the parent Company's financial statements in accordance with the LKAS27 - Consolidated and Separate Financial Statements.

The financial statements of the Subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements are prepared to a common financial year end of 31 March. The accounting policies of subsidiary is in line with the policies adopted by the Company. All the assets and liabilities of the Company and the subsidiary is included in the consolidated statement of financial position.

3.1.3 Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of Subsidiary not owned directly or indirectly by the Company.

The proportionate interest of minority shareholders in the net assets employed by the Group is disclosed separately within the equity in the consolidated statement of financial position as "Non-Controlling Interests". The total profits and losses for the year of the Company, its Subsidiary are disclosed in the consolidated statement of comprehensive income and the allocation of profit and loss for the year attributable to non-controlling interests and equity holders are disclosed separately.

3.1.4 Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date of control is lost. Subsequently it is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

3.1.5 Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated in preparing consolidated financial Statements.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

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

3.3 Financial instruments

3.3.1 Non derivative financial assets

Initial recognition and measurement

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, loan to subsidiary, fixed deposits, 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. The subsequent measurement of non-derivative financial assets depends on their classification. The Group's financial assets are limited to loans and receivables and available for sale financial assets and subsequent measurement is as follows;

(a) Loans & receivables

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

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

(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 recycled to profit or loss.

Available for sale financial assets comprises of equity securities.

De-recognition

The Company and Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

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 Group considers evidence of impairment for receivables at specific asset level. All individually significant receivables are assessed for specific impairment.
Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

(b) Available for sale financial assets

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

3.3.2 Non derivative financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS/LKAS 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 Group 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 De-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3.3.3 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.

3.3.4 Determination of Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.
When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique in order to make disclosures required by Sri Lanka Accounting Standards, the Group should classify fair value measurements using a fair value hierarchy which is categorized in to following levels.

Fair value measurement hierarchy

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

Level 2: inputs other than quoted prices included within 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).

Available for sale financial assets are valued using level 1 valuation technique. Carrying value of the other financial assets and liabilities has been considered as a reasonable approximation to the fair value.

3.3.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the group 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.

3.4 Non-Financial assets and basis of measurement

3.4.1 Property, plant and equipment

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

Basis of Recognition

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

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 Group 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 de recognition of an item of property, plant and equipment is included in statement of comprehensive income 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 comprehensive income 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. Leased assets are depreciated over the shorter of the lease terms and useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease period. Freehold land is not depreciated. 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
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 (or included in a disposal Group that is classified as held for sale) and the date that the asset is derecognized.

3.4.2 Intangible assets

An intangible asset is an identifiable non 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 Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less amortisation and any accumulated impairment losses.

Amortisation

Computer software are amortised over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.
The estimated useful lives for the current and comparative periods are as follows:

License Software	03 Years
Hospital net Software	10 Years

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

De-recognition

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

3.4.3 Impairment - non financial asset

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

The Group'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 comprehensive income.

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

3.5 Liabilities and provisions

3.5.1 Provisions

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

3.5.2 Employee benefits

a) Defined contribution plans

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

Employees' Provident Fund

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

Contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income 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 and the Group are 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.

3.5.3 Capital commitments & contingencies

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

3.5.4 Events after the reporting date.

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

3.6 Statement of comprehensive income

3.6.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group 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.

Group Revenue is shown after eliminating inter-Company sales in full.

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 comprehensive income.

3.6.3 Dividend income

Dividend income is recognized in statement of comprehensive income on the date that the Group'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 comprehensive income 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 comprehensive income, 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 costs / income

Finance cost comprises interest payable on all financial liabilities such as overdrafts. Finance income comprises interest income, foreign exchange gain and all other income received or receivable as a result of holding financial asset. Foreign currency gains and losses are reported on a net basis.

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 comprehensive income 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.

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 and the Group 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 differed 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 and its Subsidiary are liable to pay Value Added Tax on taxable supplies.

3.6.11 Nations Building Tax (NBT)

The Company and its Subsidiary are 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.

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 short- term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2014.

Accordingly, these Standards have not been applied in preparing these financial statements.

Sri Lanka Accounting Standards –SLFRS 10 “Consolidated financial statements”

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

An investor is expected to control an investee if and only if the investor has all the following;

Owner over the investee; exposure, or rights, to variable returns from its involvement with the investee; an ability to use its power over the investee to affect the amount of the investor’s returns.

This standard will require the Company to review the group structure in the context of the new Standard and its requirements. Accordingly adoption of this standard is expected to have an impact on the Group structure, and consolidated reporting.

SLFRS 10 will become effective from 1 April 2014 for the Group with early adoption permitted. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 27- Consoliadated and Separate Financial Statements.

Sri Lanka Accounting Standard - SLFRS 13, “Fair Value Measurement”

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS will become effective for the Group from 1 April 2014. Earlier application is permitted.

This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments”

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this standard has been deferred.

For the year ended 31 March	GROUP 2014 Rs.	GROUP 2013 Rs.	COMPANY 2014 Rs.	COMPANY 2013 Rs.
08. Revenue				
Revenue from portals	137,524,646	121,078,936	137,524,646	121,078,936
Software & other income	18,214,224	7,373,248	18,056,004	7,201,219
Call charges income	6,955,692	2,996,623	6,955,692	2,996,623
Doctor notification income	12,039,989	4,683,855	-	-
Revenue from membership cards	3,357,611	2,071,318	-	-
Revenue from no-show refund	4,680,750	-	-	-
Revenue from home express	3,768	-	-	-
Income from servicing & maintaining of computers	-	789,000	-	-
Income from www.crazydeals.lk	81,492	13,082	-	-
	182,858,172	139,006,062	162,536,342	131,276,778
09. Cost of Sales				
Opening stock - member card	586,298	657,138	-	-
Less : Closing stock - member card	(513,896)	(586,298)	-	-
Cost of issued members card	72,402	70,840	-	-
Other purchase cost	-	149,590	-	-
	72,402	220,430	-	-
10. Other Income				
Dividend income	7,374	100,492	37	281
Reversal of impairment provision for trade receivable	-	555,000	-	555,000
Other income	492,794	507,197	492,794	507,197
	500,168	1,162,689	492,831	1,062,478
11. Other expenses				
Loss on disposal of shares	52,091,132	848,999	1,433,926	-
	52,091,132	848,999	1,433,926	-
12. Profit from Operations				
Profit from operations is stated after charging all the expenses including the following				
Depreciation and amortization	3,663,348	4,289,944	3,684,700	4,289,944
Salary related expenses	12,219,012	17,225,001	12,219,012	17,225,001
EPF	1,786,336	1,949,817	1,786,336	1,949,817
ETF	358,549	389,963	358,549	389,963
Auditor's remuneration	264,000	242,000	231,000	220,000
Employee benefits	586,540	637,063	586,540	637,063
Legal expenses	78,577	135,581	78,577	65,357
Penalties and surcharges	14,728	-	14,728	-
Directors' remuneration	7,678,571	5,883,979	7,678,571	5,883,979
Impairment provision for other receivable	-	2,565,000	-	2,565,000
Impairment provision for trade receivable	1,252,258	-	150,258	-

For the year ended 31 March		GROUP 2014 Rs.	GROUP 2013 Rs.	COMPANY 2014 Rs.	COMPANY 2013 Rs.
13.	Net Finance Income/(Cost)				
	Finance Income				
	Interest income from loan to subsidiary	-	-	6,202,318	2,234,702
	Interest income from short term investments	4,221,503	2,538,870	4,221,503	2,538,870
		4,221,503	2,538,870	10,423,821	4,773,572
	Finance Costs				
	Interest on overdrafts	-	46,950	-	46,950
	Interest on LOLC security Ltd	1,142,901	7,128,292	-	-
		1,142,901	7,175,242	-	46,950
		3,078,602	(4,636,372)	10,423,821	4,726,622
14.	Income Tax Expense				
	Current taxation	8,142,649	12,319,020	7,339,827	12,319,020
	Over provision in respect of previous year	(6,483,538)	(3,286,391)	(6,483,538)	(3,286,391)
	Reversal/(Origination) of deferred tax (Note 22)	20,055,120	(25,098,966)	20,059,391	(25,098,966)
		21,714,231	(16,066,337)	20,915,680	(16,066,337)
14.1	Reconciliation Between Accounting Profit to Income Tax Expense				
	Profit before tax	71,295,359	60,727,716	111,170,354	64,370,802
	Exempt (income)/expenses	1,426,552	160,804	1,433,889	261,015
	Tax loss of subsidiary	-	3,802,754	-	-
	Disallowable expenses	56,366,153	5,361,756	4,628,299	5,421,215
	Allowable expenses	(4,312,122)	(2,366,109)	(4,312,122)	(2,366,109)
	Brought forward tax losses claimed during the year	(43,349,450)	(23,690,423)	(39,522,147)	(23,690,423)
	Total taxable income	81,426,492	43,996,499	73,398,273	43,996,501
	Income tax at 10%	8,142,649	-	7,339,827	-
	Income tax at 28%	-	12,319,020	-	12,319,020
		8,142,649	12,319,020	7,339,827	12,319,020
14.2	Analysis of tax losses				
	Losses brought forward	95,418,281	115,305,950	91,615,527	115,305,950
	Losses incurred during the year	-	3,802,754	-	-
	Losses claimed during the year	(43,349,450)	(23,690,423)	(39,522,147)	(23,690,423)
	Additional amount claimed when filing the return	(401,526)	-	(426,075)	-
	Losses carried forward	51,667,305	95,418,281	51,667,305	91,615,527

14.3. Company had decided to use 10% as the tax rate for the business income from the year end 31st March 2014 on the basis that company's profits are generated through internally developed software

15. 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".

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Profit attributable to equity holders of the company (Rs.)	63,147,518	78,028,234	90,254,673	80,437,139
Weighted average number of ordinary shares	122,131,415	122,131,415	122,131,415	122,131,415
Earnings per share (Rs.)	0.52	0.64	0.74	0.66

16. Dividend per Share

During the year Company has paid a final dividend of Rs.61,065,708/- (Rs.0.50 Per share) for the year 2012/13 and an interim dividend of Rs. 103,811,703/- (Rs.0.85 Per share) for the year 2013/14 (2012/13 - a final dividend of Rs. 0.15 Per share)

As at 31 March

17. Property, Plant & Equipment

GROUP	Computer Equipment Rs.	Computer Servers Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Total 2014 Rs.	Total 2013 Rs.
Cost						
Balance as at 01 April	11,448,335	28,372,793	848,175	1,181,350	41,850,653	40,059,723
Additions	111,027	-	12,034	-	123,061	1,790,930
Balance as at 31 March	11,559,362	28,372,793	860,209	1,181,350	41,973,714	41,850,653
Accumulated Depreciation						
Balance as at 01 April	10,189,158	27,862,463	792,259	1,013,019	39,856,899	37,378,963
Charge for the year	945,811	270,770	25,447	141,122	1,383,150	2,477,936
Balance as at 31st March	11,134,969	28,133,233	817,706	1,154,141	41,240,049	39,856,899
Carrying Amount						
As at 31 March 2014	424,393	239,560	42,503	27,209	733,665	-
As at 31 March 2013	1,259,177	510,330	55,916	168,331	-	1,993,754

17.1 Fully depreciated assets

Property, Plant and equipment includes fully depreciated assets which are still in use as at reporting date amount into Rs. 38,954,584/- (2013 Rs. 31,708,658/-)

COMPANY	Computer Equipment Rs.	Computer Servers Rs.	Furniture &Fittings Rs.	Office Equipment Rs.	Total 2014 Rs.	Total 2013 Rs.
Cost						
Balance as at 1 April	11,448,335	28,372,793	848,175	1,181,350	41,850,653	40,183,239
Additions	111,027	-	12,034	-	123,061	1,667,414
Balance as at 31 March	11,559,362	28,372,793	860,209	1,181,350	41,973,714	41,850,653
Accumulated Depreciation						
Balance as at 1 April	10,189,158	27,862,463	792,259	1,013,019	39,856,899	37,378,963
Charge for the year	945,811	270,770	25,447	141,122	1,383,150	2,477,936
Balance as at 31 March	11,134,969	28,133,233	817,706	1,154,141	41,240,049	39,856,899
Carrying Amount						
As at 31 March 2014	424,393	239,560	42,503	27,209	733,665	-
As at 31 March 2013	1,259,177	510,330	55,916	168,331		1,993,754

17.2 Fully depreciated assets

Property, Plant and equipment includes fully depreciated assets which are still in use as at reporting date amount into Rs. 38,954,584/- (2013 Rs. 31,708,658/-)

As at 31 March		GROUP 2014 RS.	GROUP 2013 RS.	COMPANY 2014 RS.	COMPANY 2013 RS.
18.	Intangible Assets Cost				
	Balance as at 01 April	13,256,003	12,828,975	13,320,058	12,828,975
	Additions	3,447,128	427,028	3,447,128	491,083
	Balance as at 31 March	16,703,131	13,256,003	16,767,186	13,320,058
	Accumulated amortization				
	Balance as at 01 April	6,756,108	4,944,100	6,756,108	4,944,100
	Amortization for the year	2,280,198	1,812,008	2,301,549	1,812,008
	Balance as at 31 March	9,036,306	6,756,108	9,057,657	6,756,108
	Carrying amount	7,666,825	6,499,895	7,709,529	6,563,950

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

		GROUP 2014 RS.	GROUP 2013 RS.	COMPANY 2014 RS.	COMPANY 2013 RS.
19.	Employees' Share Ownership Trust Fund				
	Balance as at 01 April	1,160,000	2,785,000	1,160,000	2,785,000
	Settled during the year	-	(1,625,000)	-	(1,625,000)
	Balance as at 31 March	1,160,000	1,160,000	1,160,000	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.

		No of Shares	Cost	GROUP 2014 RS.	GROUP 2013 RS.	COMPANY 2014 RS.	COMPANY 2013 RS.
20.	Long Term Investments						
	Investment in non quoted shares						
	Hotelroomnet Limited	10,470,500	10.00	104,705,000	104,705,000	-	-
				104,705,000	104,705,000	-	-

		% Holding	GROUP 2014 RS.	GROUP 2013 RS.	COMPANY 2014 RS.	COMPANY 2013 RS.
21.	Investment in Subsidiary					
	ECL Soft (Private) Ltd	66.66	-	-	150,100,000	150,100,000
					150,100,000	150,100,000

		GROUP 2014 RS.	GROUP 2013 RS.	COMPANY 2014 RS.	COMPANY 2013 RS.
22.	Deferred Tax Assets				
	Balance as at 01 April	25,098,966	-	25,098,966	-
	Deferred tax asset (reversal)/originating during the year	(20,055,120)	25,098,966	(20,059,391)	25,098,966
	Balance as at 31 March	5,043,846	25,098,966	5,039,575	25,098,966
	Deferred tax assets have derived as follows;				
	Brought forward tax losses	5,166,730	25,652,348	5,166,730	25,652,348
	Temporary difference from property, plant & equipment	(333,809)	(1,217,445)	(338,080)	(1,217,445)
	Temporary difference from employee benefits	210,925	664,063	210,925	664,063
		5,043,846	25,098,966	5,039,575	25,098,966
	Tax at	10%	28%	10%	28%

22.1 As explained in note 14.3 to the Financial Statement, Company's tax rate had reduced from 28% to 10%. Accordingly the Deferred Tax asset and the liability is reduced.

		GROUP		COMPANY	
As at 31 March		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
23.	Trade & Other Receivables				
	Trade receivable	4,880,632	4,348,822	3,337,048	4,346,827
	Provision for impairment	(1,252,258)	-	(150,258)	-
		3,628,374	4,348,822	3,186,790	4,346,827
	Amount due from related parties (Note 23.1)	-	-	38,784	-
	Advance, prepayments and other receivables (Note 23.2)	743,020	3,802,315	701,754	2,403,884
	Employee share ownership trust	-	1,625,000	-	1,625,000
	WHT and tax receivable	452,603	201,910	452,603	201,910
		4,823,997	9,978,047	4,379,931	8,577,621
23.1	Amount due from related parties				
	ECL Soft (Private) Ltd	-	-	38,784	-
		-	-	38,784	-
23.2	Advance, Prepayments and other Receivables				
	Advance, prepayments and other receivables	3,308,020	6,367,315	3,266,754	4,968,884
	Provision for impairement	(2,565,000)	(2,565,000)	(2,565,000)	(2,565,000)
	Balance as at the end of the year	743,020	3,802,315	701,754	2,403,884
24.	Short Term Investments				
	Investment in treasury bills	-	15,195,880	-	15,195,880
	Investment in fixed deposits	13,976,039	12,950,943	13,976,039	12,950,943
	Interest receivable	403,639	1,097,323	403,639	1,097,323
		14,379,678	29,244,146	14,379,678	29,244,146

25. Dealing securities

GROUP

Name of the company	31 March 2014 No. of shares	31 March 2014 Cost (Rs.)	31 March 2014 Market value(Rs.)	31 March 2013 No. of shares	31 March 2013 Cost (Rs.)	31 March 2013 Market value (Rs.)
Citrus Leisure PLC	31,199	944,741	511,664	31,199	944,741	602,141
Taj Lanka Hotels PLC	10,000	606,702	290,000	10,000	606,702	250,000
Blue Diamonds Jewellery Worldwide PLC	700	2,372	2,380	18,315,291	115,452,622	54,945,873
Hotel Services (ceylon) PLC	-	-	-	88,000	2,046,669	1,179,200
Serendib Hotels PLC (Voting)	7	162	196	7	162	166
Serendib Hotels PLC (Non Voting)	93	1,628	1,739	93	1,628	1,609
York Arcade Holdings PLC	100	3,847	1,300	100	3,847	1,500
Environmental Resources Investments PLC (Warrants)	100	7,100	130	100	7,100	130
Nations Trust Bank PLC	100	8,100	6,490	100	8,100	6,100
Seylan Bank PLC (Non Voting)	100	7,500	3,700	100	7,500	3,550
The Finance Company PLC (Non Voting)	-	-	-	54,200	1,084,000	243,900
Kalamazoo Systems Ltd	11	11,396	10,145	-	-	-
Lankem Developments PLC	100	.90	450	100	58.90	560
Citrus Beach Resort Limited	20	20	376	20	20	358
The Autodrome PLC	-	-	-	53	37,761	44,164
Lake House Printers and Publishers PLC	10,697	1,093,983	1,086,815	9,048	911,512	959,088
		2,687,611	1,915,385		121,112,422	58,238,339

COMPANY

Name of the company	31 March 2014 No. of shares	31 March 2014 Cost(Rs.)	31 March 2014 Market value (Rs.)	31 March 2013 No. of shares	31 March 2013 Cost (Rs.)	31 March 2013 Market value (Rs.)
Citrus Leisure PLC	100	3,391	1,640	100	3,391	1,930
Taj Lanka Hotels PLC	10,000	606,702	290,000	10,000	606,702	250,000
Blue Diamonds Jewellery Worldwide PLC	600	2,032	2,040	600	2,032	1,800
Hotel Services (ceylon) PLC	-	-	-	88,000	2,046,669	1,179,200
Serendib Hotels PLC (Voting)	7	162	196	7	162	166
Serendib Hotels PLC (Non Voting)	93	1,628	1,739	93	1,628	1,609
York Arcade Holdings PLC	100	3,847	1,300	100	3,847	1,500
Environmental Resources Investments PLC (Warrants)	100	7,100	130	100	7,100	130
Nations Trust Bank PLC	100	8,100	6,490	100	8,100	6,100
Seylan Bank PLC (Non Voting)	100	7,500	3,700	100	7,500	3,550
The Finance Company PLC (Non Voting)	-	-	-	54,200	1,084,000	243,900
Lankem Developments Ltd	100	58.90	450	100	58.90	560
Citrus Beach Resort Limited	20	20	376	20	20	358
		640,542	308,061		3,771,210	1,690,803

As at 31 March		GROUP 2014 Rs.	GROUP 2013 Rs.	COMPANY 2014 Rs.	COMPANY 2013 Rs.
26.	Loan to Subsidiary				
	ECL Soft (Private) Ltd	-	-	1,774,758	37,245,032
		-	-	1,774,758	37,245,032
27.	Cash & Cash Equivalents				
	Cash at bank	14,559,100	55,597,857	14,383,801	53,687,165
	Cash in hand	37,844	162,103	36,844	97,364
	Cash and cash equivalents for the purpose of statement of cashflows	14,596,944	55,759,960	14,420,645	53,784,529
28.	Stated Capital				
	Issued and fully paid 122,131,415 shares	93,758,316	93,758,316	93,758,316	93,758,316
		93,758,316	93,758,316	93,758,316	93,758,316
29.	Employee Benefits				
	Balance as at 01 April	2,371,654	2,635,917	2,371,654	2,635,917
	Provision for the year (Note 29.1)	851,670	637,063	851,670	637,063
		3,223,325	3,272,980	3,223,324	3,272,980
	Payments during the year	(1,114,090)	(901,325)	(1,114,090)	(901,326)
	Balance as at 31March	2,109,234	2,371,655	2,109,234	2,371,654
29.1	The amount recognized in the statement of comprehensive income as follows;				
	Current service cost	435,110	507,407	435,110	507,407
	Interest cost	151,430	174,569	151,430	174,569
	Actuarial (gain)/losses	265,130	(44,913)	265,130	(44,913)
		851,670	637,063	851,670	637,063
29.2	The employee benefit obligation is calculated based on an internally generated model using formula.				
	Principal assumptions used are as follows;				
	Rate of discount	-	-	12.00%	12%
	Rate of salary increment	-	-	10.00%	12%
	Retirement age	-	-	55	55
30.	Trade & Other Payables				
	Trade payables	19,472,358	100,135,549	19,430,274	56,399,130
	Amount due to related parties (Note 30.1)	56,623	473,000	34,223	1,471,517
	Accrued expenses	16,122,678	12,131,164	15,867,680	11,794,163
		35,651,659	112,739,713	35,332,177	69,664,810
30.1.	Amount Due to Related Parties				
	ECL Soft (Private) Ltd	-	-	-	998,517
	British American Technologies (Pvt) Ltd	56,623	473,000	34,223	473,000
		56,623	473,000	34,223	1,471,517

31. Related Party Disclosures

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS - 24 "Related Party Disclosures" The details of which are given below.

31.1 Transactions with Key Management Personnel (KMP)
According to Sri Lanka Accounting Standard, LKAS 24 "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors of the Company and its subsidiary and their immediate family members have been classified as KMP.

The compensation paid to KMP as short term employment benefits is disclosed in aggregate in Note 12 to the financial statements. No other payment such as post-employment benefits, terminal benefits and share based payments have been paid to KMP during the year.

31.2 Transactions with Related Entities

(i) Name of the Related Party	Relationship	Nature of Transaction		Transaction Amount 2014 Rs.	2013 Rs.
ECL Soft (Private) Ltd	Subsidiary	Loan		9,361,361	32,450,000
		Reimbursement of expenses		5,096,818	100,575
		Inter Company Purchase		-	(491,083)
		eChannelling fee (ECL Soft portion)		-	(320,103)
		Member card cash		(2,918,012)	(525,745)
		Doctor notification		(12,039,989)	(2,151,720)
		No-show refund		(4,680,750)	-
		Sales from www.crazydeals.lk		(49,796)	(29,559)
		Home express		(26,589)	-
		Member top-up		91,940	-
		Interest for loan		6,202,318	2,234,702
British American Technologies (Private) Ltd	Affiliate Company	Reimbursement of expenses		45,777	7,000
		Vehicle rent	- Company	(960,000)	(960,000)
			- Subsidiary	(540,000)	(540,000)

(ii) Amounts due from/ to related parties as at 31 March 2014 are disclosed in the Notes 23.1 and 30.1 to the Financials Statements respectively.

32. Financial Risk Management

Overview

The Group 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 Group's exposure to each of the above risks, the Group's objectives, policies and processes for identifying, analyzing, evaluating and monitoring the risk and the management of Capital of the Group. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

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

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

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

	Group		Company	
As at 31 March	2014	2013	2014	2013
Long term investments	104,705,000	104,705,000	-	-
Trade & Other Receivables	4,823,997	9,978,047	4,379,931	8,577,621
Short Term Investments	14,379,678	29,244,146	14,379,678	29,244,146
Dealing securities	1,915,385	58,238,339	308,061	1,690,803
Loan to subsidiary	-	-	1,774,758	37,245,032
Cash at bank	14,559,100	55,597,857	14,383,801	53,687,165
	140,383,158	257,763,387	35,226,227	130,444,766

32.1.2 Management of Credit Risk

Trade & Other Receivables
The Group 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	Group		Company	
	2014	2013	2014	2013
Above 365 days	3,817,258	2,565,000	2,715,258	2,565,000

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

Cash & Cash Equivalents
Group's deposits are placed in reputed financial institutions with good credit ratings in order to minimize the Group's Credit Risk

32.2. Liquidity risk

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

	Group					
As at 31 March	2014			2013		
		Contractual cash flows			Contractual cash flows	
	Carrying amount	6 months or less	6-12 months	Carrying amount	6 months or less	6-12 months
Non derivative financial liabilities						
Trade and other payables	35,651,659	26,192,709	9,458,950	112,739,713	70,582,113	42,157,600
	35,651,659	26,192,709	9,458,950	112,739,713	70,582,113	42,157,600

	Company					
As at 31 March	2014			2013		
		Contractual cash flows			Contractual cash flows	
	Carrying amount	6 months or less	6-12 months	Carrying amount	6 months or less	6-12 months
Non derivative financial liabilities						
Trade and other payables	35,332,177	25,873,227	9,458,950	69,664,810	65,264,530	4,400,280
	35,332,177	25,873,227	9,458,950	69,664,810	65,264,530	4,400,280

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

32.2.2 Management of liquidity risk

The Group'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 Group's reputation. The Group's approach to managing its liquidity risk is as follows;

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

b) Arrange adequate facilities with banks as contingency measures.

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

32.3. 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.

32.3.1. 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 Group is not exposed to currency risk since the Group operates only in Sri Lanka Rupees which is the Group's functional currency. As such the sensitivity analysis on foreign currency fluctuations will not apply to the Group.

32.3.2. Interest Rate Risk

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

The Group does not have any floating rate borrowings nor any deposits which earn interest at floating rate. Therefore the interest rate risk to the Group is minimal. As such the sensitivity analysis on interest rate fluctuations will not apply to the Group.

32.4 Fair values of financial instruments.

The fair values of financial assets and liabilities together with the ongoing amounts shown in the statements of financial position are as follows;

As at 31 March	Group 2014 Caring Value (Rs.)	Group 2014 Fair Value (Rs.)	Group 2013 Caring Value (Rs.)	Group 2013 Fair Value (Rs.)
Assets carried at fair value				
Dealing securities	1,915,385	1,915,385	58,238,339	58,238,339
	1,915,385	1,915,385	58,238,339	58,238,339
Assets carried at amotised cost				
Loan and receivables	19,203,674	19,203,674	39,222,193	39,222,193
Cash and cash equivalents	14,559,100	14,559,100	55,597,857	55,597,857
	33,762,774	33,762,774	94,820,050	94,820,050
Liabilities carried at amotised cost				
Trade and other payables	35,651,659	35,651,659	112,739,713	112,739,713
	35,651,659	35,651,659	112,739,713	112,739,713

As at 31 March	Company 2014 Caring Value (Rs.)	Company 2014 Fair Value (Rs.)	Company 2013 Caring Value (Rs.)	Company 2013 Fair Value (Rs.)
Assets carried at fair value				
Dealing securities	308,061	308,061	1,690,803	1,690,803
	308,061	308,061	1,690,803	1,690,803
Assets carried at amotised cost				
Loan and receivables	20,534,366	20,534,366	75,066,799	75,066,799
Cash and cash equivalents	14,383,801	14,383,801	53,687,165	53,687,165
	34,918,167	34,918,167	128,753,964	128,753,964
Liabilities carried at amotised cost				
Trade and other payables	35,332,177	35,332,177	69,664,810	69,664,810
	35,332,177	35,332,177	69,664,810	69,664,810

Available for financial assets are valued using level 01 valuation technique as per fair value hierarchy, described in Note 3.3.4 to the accounting policies. Carrying value of the other financial assets and liabilities have been considered as a reasonable approximate to the fair value.

33. Events Occurring after the Reporting Date

The Subsidiary, ECL Soft (Pvt) Ltd had repurchased one million fully paid ordinary voting shares of its shares under a share re-purchase agreement under section 64 of the Companies Act on 29th May 2014. Except of the above matter there were no material events occurring after the reporting date as at 31 March 2014 that require adjustments to or disclosure in the Financial Statements.

34. 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.

35. Comparative Information

Comparative information has been reclassified where necessary to conform to current year's presentation.

36. Directors Responsibilities

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

FIVE YEAR PERFORMANCE SUMMARY

	COMPANY					GROUP
For the year ended 31 March	2010	2011	2012	2013	2014	2014
Revenue	50,524,306	61,501,447	88,224,800	131,276,778	162,536,342	182,858,172
Administrative expenses	(56,848,889)	(56,577,098)	(55,475,628)	(72,515,843)	(60,365,063)	(62,454,658)
Profit from operating activities	(5,204,941)	4,610,452	101,881,237	59,644,180	100,746,533	68,216,757
Profit before taxation	4,212,837	10,937,331	104,212,937	64,370,802	111,170,354	71,295,359
Profit/(loss) for the year	1,876,068	8,335,909	97,819,417	80,437,139	90,254,674	49,581,128
Total Assets	94,391,956	116,602,456	232,916,017	315,458,801	200,005,842	155,539,236
	94,391,956	116,602,456	232,916,017	315,458,801	200,005,842	155,539,236
Equity	70,230,689	77,939,650	170,570,078	232,460,021	158,484,318	112,895,408
Total Liabilities	24,161,267	38,662,806	62,345,939	82,998,779	41,521,524	42,643,828
	94,391,956	116,602,456	232,916,017	315,458,801	200,005,843	155,539,237
Other Information						
Earnings/ (Loss) Per Share (Rs.)	0.02	0.07	0.80	0.66	0.74	0.52
Market Price Per Share (Rs.)	10.25	33.00	6.10	6.10	13.70	13.70
Net Assets Per Share (Rs.)	0.58	0.64	1.40	1.90	1.30	0.64
Dividend Payout Ratio (Rs.)	-	-	-	0.23	1.83	3.33
Current Ratio (Times)	3.22	2.56	1.16	1.62	0.85	0.89

SHAREHOLDERS INFORMATION

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31.03.2014

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	896	317,589	0.26	5	2,096	0	901	319,685	0.26
1,001 to	10,000 Shares	445	1,818,504	1.49	6	27,200	0.02	451	1,845,704	1.51
10,001 to	100,000Shares	170	4,835,789	3.96	5	270,000	0.22	175	5,105,789	4.18
100,001 to	1,000,000Shares	31	11,525,686	9.44	0	0	0	31	11,525,686	9.44
Over	1,000,000Shares	7	62,800,194	51.42	3	40,534,357	33.19	10	103,334,551	84.61
		1,549	81,297,762	66.57	19	40,833,653	33.43	1,568	122,131,415	100

Categories of Shareholders	Number of Shareholders	Number of Shares
Individual	1,519	28,847,599
Institutional	49	93,283,816
	1,568	122,131,415

Issued share capital as at 31st March 2014	122,131,415
Less	
Parent Company	0
Subsidiaries of parent	0
Subsidiaries of Company	0
Directors shareholding	359,376
Spouses & children under 18 of Directors	0
CEO, spouse & children under 18	0
Over 10% holding	86,821,858
Public holding	34,950,181
Public holding as at % of issued share capital	28.62%

LIST OF 20 MAJOR SHAREHOLDERS BASED ON THEIR SHAREHOLDING

No	Name of Shareholder	31st March 2014 No of Shares	% Holding
01	Senior Marketing System Asia (Pte).Limited	36,517,293	29.90
02	Trading Partners (Pvt) Limited	34,244,562	28.04
03	British American Technologies (Pvt) Limited	16,060,003	13.15
04	Mr.M.I. Samsudeen	5,850,550	4.79
05	HSBC International Nominees LTD-SSBT-Deustche Bank AG Singapore A/C 01	2,887,064	2.36
06	Dr. M. M. Rinoza	2,409,100	1.97
07	Mr. S.C.Hiththatiyage	1,634,179	1.34
08	Est.of.lat Perera (Deceased) Liyanage Saliya Ignatious	1,451,800	1.19
09	Mr.G.C. Goonetilleke	1,150,000	0.94
10	Mr. K. M. A.R.K Almuhairi	1,130,000	0.93
11	Mr.S.K. Chandrasena	1,000,000	0.82
12	Mr. H.B. Jayasekara	972,300	0.80
13	Seylan Bank PLC/Capital Trust Holdings (Pvt) Ltd	929,598	0.76
14	Cocoshell Active Carbon Company Limited	924,078	0.76
15	Mr.P. Rathnayaka	840,000	0.69
16	Mr.F.N. Goonewardena/Dr.J.B. Peiris	812,000	0.66
17	Mr.Jayasuriya	650,000	0.53
18	Dr.K.A. Amarasinghe/ Mr.K.A. Samaranayake	480,375	0.39
19	Mr. H.A.Fonseka	402,201	0.33
20	Seylan Bank PLC/Mohomed Imitaz Samsudeen	387,998	0.32

NOTICE OF ANNUAL GENARAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the eChannelling PLC will be held at Sasakawa Hall on 30th September 2014 at 10.00a.m.

AGENDA

1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Accounts for the year ended 31st March 2014, 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 & 87 of the Articles of Association of the Company.

3. To re-elect Mr. S.A Hettiarachchi a Director who retires at the Annual General Meeting in terms of Article 86 & 87 of the Articles of Association of the Company.

4. To re-elect Mr. Tatsuya Koike a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.

5. To re-elect Mr. Jo Hatakeyama a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.

6. To re-elect Mr Tsutomu Nobunaga a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.

7. To re-elect Mr. Kotaro Umeoka a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.

8. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

9. To authorize the Directors to determine contributions to charities for 2014/2015.

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

SECRETARIES
Date: 29th August 2014
Note:-

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

FORM OF PROXY

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

Mr. Tatsuya Koike	of Japan or failing him
Mr. Jo Hatakeyama	of Japan or failing him
Mr. Tsutomu Nobunaga	of Japan or failing him
Mr. Kotaro Umeoka	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 Fourteenth Annual General Meeting of the Company to be held on 30th September 2014 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 2014, with the Report of the Auditors thereon.		
2.	To re-elect Mr. Dallas Joshua Stephen a Director who retires at the Annual General Meeting in terms of Article 86 & 87 of the Articles of Association of the Company.		
3.	To re-elect Mr. S.A. Hettiarachchi a Director who retires at the Annual General Meeting in terms of Article 86 & 87 of the Articles of Association of the Company.		
4.	To re-elect Mr. Tatsuya Koike a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.		
5.	To re-elect Mr. Jo Hatakeyama a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.		
6.	To re-elect Mr. Tsutomu Nobunaga a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.		
7.	To re-elect Mr. Kotaro Umeoka a Director who retires at the Annual General Meeting in terms of Article 94 of the Articles of Association of the Company.		
8.	To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.		
9.	To authorise the Directors to determine contributions to charities for 2014/2015.		

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

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

INSTRUCTION TO COMPLETION OF FORM OF PROXY

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

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

3. The completed Form of Proxy should be deposited at the Registered Office of the Company at Suncity Towers, Mezanine 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 authorize such person as it thinks fit to act as its representative at any meeting of the Company. A person authorized 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.


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