Eastern Merchants PLC

Annual Report

2023/24

Since 1945

Contents

Our Journey

Eastern Merchants PLC was founded in 1945 through the endeavours of two brothers, Sumane and Winton Karunaratne, with an initial working capital of USD 50 accompanied by an incredible will to succeed. The first modest office of this export business was located in Fort, within the Central Business District of Colombo. Their primary export was cinnamon bark oil, a commodity that was traditionally traded by their father and grandfather.

From its humble beginnings, Eastern Merchants has now developed into a major trading house. The level of integrity and dedication that the founders instilled is the standard of excellence still maintained by its employees today. The aspirations and ambitions of the founders have been realised through the Company's growing success, and in 1981, Eastern Merchants became a public quoted company trading on the Colombo Stock Exchange.

In what is a new era in the development of Eastern Merchants, the grandsons of the Karunaratne brothers have now joined the Company to continue the legacy left by their grandfathers. Proud of its past and its commitment to loyalty and integrity, Eastern Merchants looks forward to continued expansion and progress in the years to come.

Financial Highlights

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Performance Parametres						
Sales (Rs. Mn.)	1,560	2,235	2,031	3,427	2,711	2,686
Gross Profit (Rs. Mn.)	157	226	315	516	536	336
Net Profit Before Taxation (Rs. Mn.)	60	(34)	49	688	131	8
Net Profit After Taxation (Rs. Mn.)	61	(39)	9	660	75	20
Total Comprehensive Income After Taxation (Rs. Mn.)	226	(46)	8	735	61	450
Shareholder Funds (Rs. Mn.)	1,873	1,787	811	2,005	2,047	2,279
Earnings per Share (Rs.)	0.58	(0.61)	0.07	5.62	0.64	0.17
Dividend per Share (Rs. cents)	-	-	-		0.15	-
P/E Ratio	6.72	-	84.29	1.01	14.61	41.76
Net Assets per Share (Rs.)	15.74	15.35	15.43	16.88	17.13	19.21
Current Ratio	1.07	1.05	1.14	1.72	3.33	1.64
Share Price						
Highest Recorded (Rs.)	6.00	7.00	6.20	10.10	15.40	7.80
Lowest Recorded (Rs.)	3.70	2.90	2.90	4.50	4.50	6.00
Value as at Year End (Rs.)	3.90	2.90	5.90	5.70	9.40	7.10

Chairman's Message

Dear Shareholder,

As I reflect on the fiscal year ended 31 March 2024, I am both proud of our resilience and mindful of the many challenges we have faced. The economic conditions in Sri Lanka, coupled with global economic fluctuations, have significantly impacted our businesses. Despite these obstacles, our strategic focus has guided us and enabled us to remain profitable.

The global economic environment has been characterized by notable instability this year. According to the International Monetary Fund (IMF), global growth slowed to 3.1% in 2023, and is expected to remain at that pace in 2024 due to ongoing geopolitical tensions and persistent inflationary pressures.

In Sri Lanka, the economic situation has been particularly challenging. The Central Bank of Sri Lanka reported that the country's GDP contracted by 2.3% for 2023 compared to the 7.3% experienced in 2022, showing signs of stabilization following the severe economic downturn. Inflation rates remained high, although it increased at a decreasing rate in comparison to the previous year, it is expected to rise moderately in the near term. Additionally, the Sri Lankan Rupee appreciated by approximately 9% against the US dollar in the second half of the financial year, further impacting our foreign exchange earnings.

These economic conditions have directly influenced our export business. The appreciation of the Rupee and inflation increased costs and compressed our profit margins. Furthermore, global supply chain disruptions stemming from geopolitical tensions escalating into conflicts, the red sea hostilities and volatile commodity prices added to our operational challenges.

In response to these challenges, Eastern Merchants has implemented strategic measures to navigate the turbulent environment. We have refined our focus and efforts on the commercial pathways which offer the most attractive and sustainable value over the long term. Investments in technology and process improvements have enhanced our operational efficiency and optimized our supply chain.

Our commitment to sustainability remains a cornerstone of our strategy. Despite the economic pressures, we have continued to advance our environmental initiatives. When it comes to the natural rubber trading business, Eastern Merchants PLC obtained the FSC ("Forest Stewardship Council") Chain of custody certification, and we are currently in the process of preparing for European Union Deforestation Requirement ("EUDR"). At Microcells (Pvt) Ltd., we installed a 650 kW rooftop solar system, in addition to obtaining the ISO 14001:2018 (Environmental Management System) and ISO 14064-1:2018 (quantifying and reporting greenhouse gas emissions) certifications. These developments highlight our efforts and commitment to reduce our carbon footprint, invest in renewable energy, manage waste and conduct our operations in a manner that has minimal impact on the environment. We have aligned with global standards and also strengthened our resolve to grow in a sustainable manner in these challenging times.

Looking ahead, we are optimistic about the opportunities that lie before us. Our strategic focus on innovation, sustainability, operational excellence, and customer satisfaction will drive our growth and help us adapt to evolving market conditions. We are committed to leveraging emerging trends and new technologies to enhance our competitive edge and deliver long-term value to our shareholders.

I express my gratitude to our dedicated team members across the Group for their exceptional contributions, as well as the Board for its invaluable support and guidance during another challenging year. Together, we will continue to overcome obstacles and seize opportunities, driving Eastern Merchants PLC toward a prosperous future.

Mr. J.B.L. de Silva
Chairman

14th August 2024

Managing Directors' Review

Dear Shareholder,

It is my pleasure to present this update on Eastern Merchants PLC performance for the 2023/2024 financial year.

This past year brought both challenges and opportunities as we, like many other businesses, faced headwinds from both global and local economic constraints. Throughout the year, our primary commercial goal has been to remain profitable while ensuring that our fundamentals remain strong.

Our Performance

Eastern Merchants PLC ("EM") recorded a turnover of LKR 2.6 billion for FY 23/24, which represented a slight decrease from the LKR 2.7 billion in the previous financial year. The volatility and the appreciation of the Sri Lankan Rupee had an adverse impact on our export earnings. Our commodity trading business made up some 68% of our total revenue, and once again was heavily dependent on the local and international rubber prices, as well as the global supply and demand dynamics. Demand for natural rubber remained sluggish as consumption slowed down in our key markets due to monetary policy tightening and the slow post pandemic recovery. Our fresh produce export division was negatively impacted by the dearth in refrigerated containers required to transport the goods and unpredictable vessel availability. Given the perishable nature of fresh produce, transit times cannot be too long as it degrades the quality of the produce. Given the issues with the refrigerated containers and vessels, we were unable to accept some orders leading to a decline in volumes. At Microcells (Pvt) Ltd ("MCL") our rubber manufacturing arm, operating conditions were tight as well. Though we recorded an 8.11% increase in revenue year-on-year in US dollar terms with a corresponding 7.2% increase in volumes, the Sri Lankan rupee appreciation and cost escalations reduced profitability.

The Group posted a net profit of LKR 20 Mn for the year ended 31st March 2024. Although this represents a substantial decrease from last year, we have done everything possible to stay on course and remain profitable despite the external shocks and high uncertainty. The persistently escalating cost of production driven by adjustments to energy prices and rising labour costs continued to pressure margins, particularly at MCL. The substantial salary increments given at MCL increased our administration cost by 9% whereas energy costs rose sharply by 36%. Strategic treasury management was a key contributor to profitability, as tight fiscal control ensured that operational and financing needs were managed effectively in a high interest rate environment.

Investing in safeguarding our future

Delivery of our growth and value strategy is underpinned by our core business fundamentals. During the year we have adopted a prudent approach to capital expenditure ("CAPEX"), focusing primarily on increasing efficiencies, cost savings and enhancing the green credentials of the business. Since the external environment is not conducive to large scale investments, we focused on making investments that will strengthen our business and aid us to be more competitive. A 650 kW roof-top solar system was installed at Microcells to bring down energy costs. We also invested in obtaining environmental sustainability certifications to comply with global sustainability standards and improve our green manufacturing capabilities. Furthermore, we invested in research and development to provide innovative, green rubber solutions for our customers.

The ongoing investments in our ERP system allowed us to increase operational efficiencies and helped us make informed data-driven decisions. We reviewed and re-calibrated our sales mix to enhance revenue and created dynamic pricing strategies to overcome the uncertainty of the external environment. We trust these measures will work to support our future growth.

Assurances

At EM, we place a strong emphasis on transparency in all our operations, ensuring that we uphold ethical standards and maintain rigorous processes with no room for error. As a Group with ISO 9001:2015, ISO 14001:2015, and ISO 14064-1:2018 compliant companies, our commitment to these principles is reflected in the accuracy and reliability of the information we provide through our corporate reporting. We are also steadfast in our commitment to anti-corruption and anti-bribery practices, ensuring that all our business dealings are conducted with integrity. Additionally, we prioritize fair labor practices, promoting a work environment where all employees are treated with respect and fairness, and where their rights are protected at every level.

Outlook

The global and local economic pressures will continue to FY24/25 and our business will likely face many headwinds in the year ahead. However, we have long years of incredible experience in facing challenges and remaining resilient. We aim to deliver consistent, and sustainable outcomes to our shareholders and stakeholders through our approach to operational excellence, innovation and continual improvement. We are confident that our focus on business fundamentals will enable us to emerge strongly from these testing times. We cannot guarantee that the passage will be smooth, but we are confident in our course and capabilities to drive a high achieving organization.

Corporate Governance

The demand for a strong governance system comes from many angles and includes the stewardship role of the Board, as well as ensuring accountability, transparency, compliance and environment/social governance. Furthermore, strategy formulation, performance management and risk management are important to us, as they will ultimately add value to shareholders and other stakeholders.

Effective corporate governance is very much dependent on the skills and experience of the individuals on the Board of Directors and how well they work together as a team. In this regard our Board of Directors not only has the collective skill-set and knowledge to make the correct decisions, but they also possess personal qualities required to be effective stewards of the business, particularly in these times of stress.

The Board of Directors led by the Chairman, is responsible for good governance at EM and its system of internal controls, as well as for the review, design and effectiveness of the same. There is a perpetual process for identifying, evaluating and managing significant risks by way of elimination or mitigation of the same.

Meetings of the Board of Directors are held quarterly whilst Committee meetings are also held on the same day on most occasions. The Company complies with Corporate Governance requirements as identified by the Corporate Governance Best Practices by ICASL and SEC in 2008, revised in 2011 and 2013; as well as the Corporate Governance Compliance Reporting Requirements in CSE Listing Rules Section 7.10.

In adherence to the section 7.10.2 (b) of the CSE Listing rules Mrs. N. Nanayakkara, Mr. F. Mushin and Mr. R. Pradeep have submitted the declaration of their independence. Furthermore, in accordance with the Listing Rule 7.10.3 (a), the Board of Directors assesses the independence or non-independence of each non-executive director annually and have determined the independence of its non-executive directors for the year under review.

Conclusion

I express my gratitude to our loyal customers, suppliers and partners, shareholders and stakeholders as well as our dedicated team members across the Group for their exceptional contributions. I thank the board for their invaluable support and guidance during another challenging year. We look forward to a year of stable growth.

C. S. L de Silva

Mr. C.S.L. de Silva
Managing Director

14h August 2024

Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2024.

External review and future outlook

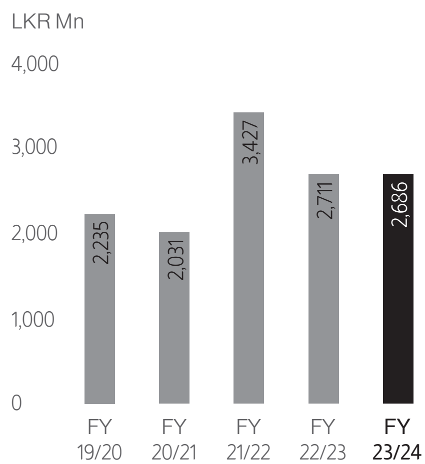
The global economic environment in 2023-2024 continued to present challenges for Eastern Merchants PLC ("EM"). The global economy experienced a slow and uneven recovery from the COVID-19 pandemic, compounded by geopolitical tensions and disruptions in global supply chains creating a complex landscape for international trade. Global Commodity prices have been volatile, influenced by fluctuating currency exchange rates, inflationary pressures, and lacklustre market demand particularly from the non-tyre rubber industry in US and Europe. However, the gradual easing of global trade restrictions and the resumption of economic activities provided some relief.

The Sri Lankan economy faced many obstacles during the year, after plunging into deep distress in 2022. However, a modest recovery was observed in the latter part of the year, with slight growth in the third and fourth quarters. During this period, Sri Lanka faced significant inflationary pressures, driven by global supply chain disruptions and domestic economic challenges. These factors also had a negative impact on our Singapore based entity Eastern Merchants Commodities Pte. Ltd. ("EMC"), which imports rubber and related products into Sri Lanka. In addition to raw material costs, energy prices in Sri Lanka also surged due to the country's dependency on imported fuel. This added another layer of cost increases for Microcells (Pvt) Ltd. ("MCL"), as energy is a substantial component in the production process. The cost of logistics and transportation, both domestically and internationally, also rose, further impacting the overall cost structure for all our businesses. The instability of the exchange rate made financial planning and pricing strategies more complex.

The International Monetary Fund ("IMF") predicts the global economy to remain steady with inflation slowing across the world following synchronized monetary policy tightening. However, 2024 is turning out to be a key election year across many countries around the world, the results of which will have effects on terms of trade and geopolitical tensions the world in terms of trade and geopolitical tensions. The trajectories of the wars in Gaza and Ukraine will also have significant implications to global trade. From a local perspective, policy consistency, inflation control and exchange rate stabilization together with the effective handling of debt management and structural reforms will ensure a more conducive environment for business growth. Ultimately, these external factors are beyond the scope of our control. As a business, we will continue to focus on the things we can control and have contingencies in place to sail through these uncertain times.

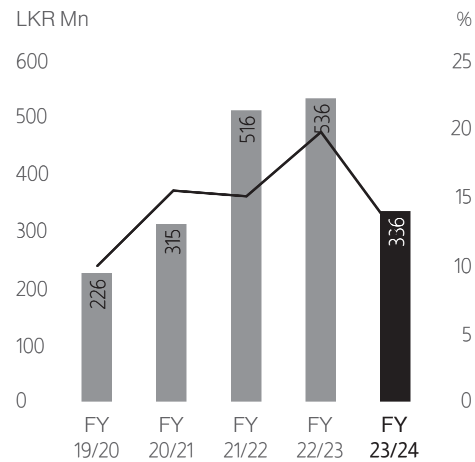
Financial Performance for 2023/24

Sales



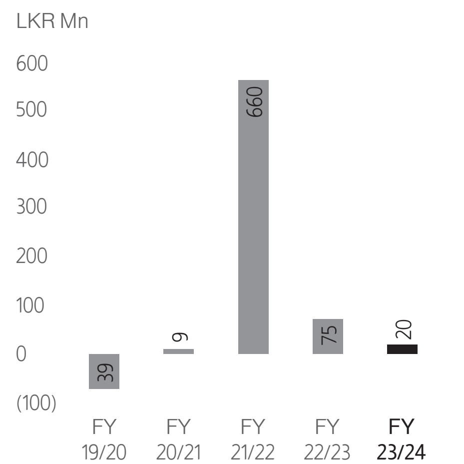
The Group revenue fell very slightly by 1% when compared with FY 22/23, largely due to the rupee appreciation.

Gross Profit



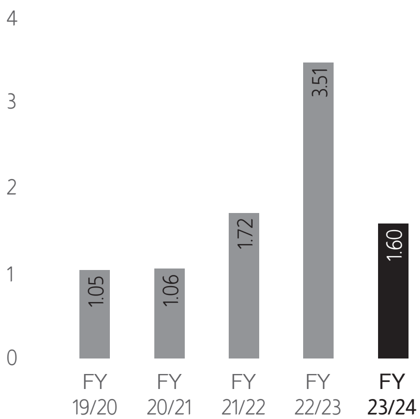
The Group is battling with the effects of margin compression across all its business due to increased cost, lower margins in the trading business and high input costs for its manufacturing arm.

Net Profit After Tax



Despite the very difficult business conditions, we have remained profitable and recorded a net profit of LKR20Mn. The decrease in profits is because of several factors that have been explained in this report.

Current Ratio



The Group's current ratio has remained largely consistent throughout the years and is at a healthy level of 1.6.

Operational Overview

Commodity trading

The Sri Lankan natural rubber plantations face an uncertain future and has had a direct impact on our export volumes for natural rubber, the primary commodity traded by EM. The local rubber production decreased by 15% during the year to reach 60,000MT, and this drop was primarily due to the combined impact of the Pestalotiopsis leaf disease and adverse weather conditions. It also further reflects the ongoing challenges faced by the rubber industry such as aging plantations, dismal yields and lower replanting levels.

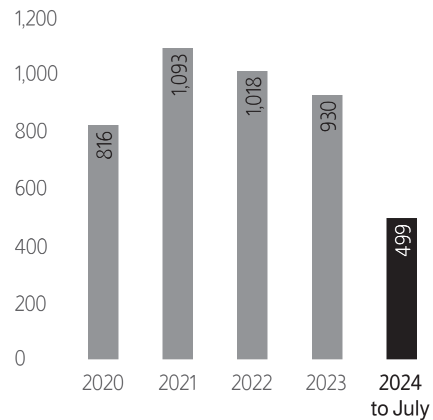
We have noted this downward trend many years ago and have made strategic plans and investments to ensure our survival and growth in the industry by diversifying our supply chain to source foreign origin rubber. We have now established a strong and reliable supply network spanning 10 rubber producing countries. Our operations have been streamlined and cost structures optimized as much as practicably possible given the inflationary environment in which we operate. One of our primary focus areas has always been to provide high-quality rubber from sustainable sources. In this regard, the Forest Stewardship Council ("FSC") certification we have obtained certifies that the rubber plantations we source from are responsibly managed to meet the highest environmental and social standards. The FSC certification has boosted rubber sales of certified crepe rubber during the financial year, but given the slowdown in consumption and the higher price of certified crepe, transactions slowed toward the later part of year. Nevertheless, we are committed to becoming a trading house that is a hub for sustainably sourced rubber. We are currently in the process of preparing for the European Union Deforestation Requirement compliance ("EUDR") for all our natural rubber imports and exports. This requires us to procure all our rubber destined for Europe from geo-located rubber plantations and ensure that we do not contribute to deforestation or forest degradation.

EM also made good strides in establishing export markets for our fresh produce range. However, during the past financial year, we had several issues with refrigerated container shortages and vessel availability, which seriously affected our fresh produce export volumes. In the year ahead, we will keep our focus on meeting the goal to grow the business and move further in the value chain to be a more integrated supplier.

Rubber products manufacturing

The rubber products manufacturing industry is a significant contributor to Sri Lanka's economy, particularly in terms of export earnings, employment and industrial output. Although the export earnings of the rubber industry have declined by around 8% year on year, the industry remains a crucial part of the country's economic landscape.

Export Performance Rubber and Rubber based Products



MCL is the rubber products manufacturing arm of EM. A fully owned subsidiary, it was acquired in 2018 and produces premium quality technical rubber sheeting and flooring products in the non-tire segment. MCL is a trusted a reliable partner of over 80 customers spread across 20 countries around the globe.

The year under review was the most difficult year MCL has had to face since it was acquired by EM. The escalating costs of raw material and energy coupled with the appreciation of the rupee in the third quarter of the year have significantly compressed margins and dented profitability. The competitive landscape for our products intensified during this period resulting from the depreciation of the Chinese yuan and deflation in China. This made Chinese products more competitive taking away some of our business. The supply chain issues exacerbated our woes, with longer transshipment times causing delays in securing raw materials. The speed and cost of supplying customers with products in our two main markets (Europe and North America) both suffered especially in the last quarter of the year, with the escalation of the conflict in Gaza and attacks on shipping vessels in the Red Sea. The Red Sea is a crucial maritime passage for vessels traveling from Sri Lanka to Europe and North America. The conflict has introduced several issues that have directly impacted freight rates and transit times. Many shipping companies have either rerouted their vessels to avoid the red sea and sail around Africa or implemented additional security measures or are traveling at higher speeds to reduce exposure. These actions have contributed to increased freight rates and longer transit time, which also deterred some customers from MCL.

Despite all these external constraints, MCL managed to marginally increase its sales year on year in volume terms. MCL also made strategic investments to reduce its costs and expand its product range to include higher margin niche products in the rubber sheeting and mat range.

Compliance and Sustainability

At EM, our commitment to sustainability is unwavering. We actively seek out suppliers who share our dedication to sustainable practices and align with our sustainability goals. Last year, we were proud to achieve the FSC Chain of Custody certification, and this year we are gearing up to provide EUDR certified rubber to our European customers. In our fresh produce division, we prioritize both quality and sustainability by sourcing directly from grassroots farmers through regional pack houses. Our approach includes minimizing plastic use, recycling and repurposing waste, and fostering a culture of sustainability within our community.

Microcells, an ISO 9001:2015 certified company, has consistently prioritized quality and reliability. In 2024, we reached new milestones by obtaining ISO 14001:2015 certification for our Environmental Management System and ISO 14064-1:2018 accreditation, highlighting our commitment to tracking and reporting greenhouse gas emissions. Additionally, we installed a 650kW solar power system, further underscoring our dedication to sustainable practices. Our in-house quality assurance team rigorously oversees every stage of the production process, ensuring that we maintain the high standards that have earned us a loyal customer base over the decades. At MCL, we are committed to producing environmentally responsible products, with over half of our raw materials coming from recycled sources. This not only reduces pollution but also conserves valuable resources. We prioritize sourcing materials locally in Sri Lanka to minimize our carbon footprint and avoid using hazardous substances that could harm the environment or pose risks during manufacturing.

Our dedication to safety and sustainability is recognised through certifications such as REACH, RoHS, and California Proposition 65, which strictly regulate the use of harmful chemicals. Beyond these efforts, we are actively working to further reduce our carbon footprint by converting many of our machines from electricity to steam and expanding our use of solar energy. These initiatives are designed to benefit not only our business, but also the broader community and the environment.

People and practices

Our people are the heart of our business. It is their expertise, skills and efforts that will drive the success of our company. The EM and MCL teams consists of over 200 dedicated individuals whose hard work and commitment have driven our progress over the past year, even in the face of challenges.

We are privileged to have a loyal workforce with many long-service employees, whose experience and knowledge is invaluable. Succession planning is a priority, with the focus on both external recruitment as well as the development of talent within our business. We continue to focus on improving diversity within our industry. As an equal opportunity employer, we ensure opportunities are available to individuals from different social backgrounds and age groups, while also promoting gender diversity. Notably, women make up 49% of our workforce.

We strictly adhere to statutory provisions concerning working conditions and remuneration throughout the Group. Our comprehensive policies provide transparency in all processes, including recruitment, selection, termination, performance management, grievance handling, sexual harassment and disciplinary action.

This past financial year presented challenges, particularly with the brain drain making it difficult to fill vacancies. However, we successfully managed to address these gaps by offering attractive remuneration and flexible work conditions where applicable. We also rewarded our teams with a salary increase of over 20% across the Group to help counteract the rising cost of living. Performance-based bonuses were also awarded to almost all entities in the Group.

Over the past financial year, we focused on building up our workforce to achieve excellence by identifying training needs and gaps and providing the required training. We conducted over 120 hours of training with over 40 sessions conducted by both internal and external trainers. We also focused on employee health and safety throughout the year by conducting risk audits to reduce accidents in the workplace, as well as increasing overall wellbeing at work.

Future Prospects

Looking ahead, we believe the Sri Lankan economy will gradually stabilize in 2024-2025, following efforts to address the economic challenges faced in recent years. Political stability may result in structural reforms and attract foreign investment, which may create a more favorable business environment. However, the impact of the recent economic crisis could linger, potentially affecting consumer purchasing power and business operations. A lot hinges on the presidential elections scheduled for September 2024 and the ability of any government to maintain reform momentum and effectively manage the still vulnerable economy.

Globally, the outcome of the US presidential elections will have significant implications for the global economy. Uncertainty around the election will cause businesses to adopt a cautious approach, which may well affect the sales volumes of our businesses given that North America is one of our key markets. Furthermore, the trade tensions between the US and China and the decoupling of the two economies could lead to further headwinds as companies seek to move business operations near shore. Any greater escalations in tensions between these two economies could create significant market volatility and uncertainty which could affect supply chains and trade flows.

However, India is emerging as an economic force to be reckoned with and is expected to play an increasingly strategic role in the global stage. It also presents a significant opportunity for our businesses given the proximity, trade agreements and accessibility. The Indian automobile sector is poised for exponential growth and will be a key focus area for our businesses as we strategize to diversify our market, particularly in relation to our rubber businesses. In terms of our agriculture business, we will look at expanding our supplier base and the basket of goods available for export. Upstream integration will be an area of consideration, as it will address some seasonality and quality related issues we currently face sourcing from out grower networks.

Continuing to innovate in sustainable practices and expanding the range of sustainable products will align with global trends and consumer preferences. This could also enhance our reputation and open up new markets. As a business, we will remain committed to our plan, adjusting as required to mitigate risks. Our primary commercial goal will remain improved profitability and business growth to create and deliver value to all our stakeholders.

Board of Directors

Currently the Board of Directors at the Company consists of 7 members, consisting of four Executive Directors and three Independent Non-executive directors. Brief descriptions of each Board member are set out below.

Mr. J.B.L. de Silva LL.B., Attorney-at-law
Chairman (Executive Director)
A Lawyer by profession, Mr. de Silva has substantial experience in the corporate world. He has held the office of Chairman of the Company since 1983 and has served on the Boards of quite a few prominent Public and Private Companies. He presently serves as a Director of CT Holdings PLC and Associated Electrical Corporation Ltd. He has held numerous leadership roles in various organizations and served in several boards throughout his long and illustrious career.

Mr. H.J. de Silva B.Sc.
Deputy Chairman (Executive Director)
Having completed his bachelor's degree in the United States, he is the first of the 3rd generation of the founding family of Eastern Merchants PLC to join the business. He has over 25 years of corporate experience and is responsible for the trading of agricultural/industrial commodities and supply chain optimization for the Group companies. An active member and participant in industry organisations, Mr. de Silva is currently the Chairman of the Colombo Rubber Traders Association (CRTA) and was the Chairman of the Exporters Association of Sri Lanka in 2018.

Mr. C.S.L. de Silva B.Econ., M.Com.
Managing Director (Executive Director)
After completing his Bachelors' Degree in the fields of Econometrics and Marketing at the University of Sydney, Mr. de Silva completed a master's degree specialising in Finance at the same institution. Thereafter, he worked for three years in the Strategy and Analytics team of a Fortune 500 Company before joining Eastern Merchants PLC. He is the second of the 3rd generation of the founding family to join the Company and is responsible for the overall strategy and operations of the Eastern Merchants PLC Group.

Mr. S. Jayakody B.Com.Spl., FCA, FCMA
Director - Finance (Executive Director)
Mr. Jayakody joined the Company in 1993 as an Accountant after having completed his Bachelor of Commerce Degree at the University of Sri Jayewardenepura. Now a Fellow Member of The Institute of Chartered Accountants of Sri Lanka, he was appointed to the Board of Directors in 1999 and is also currently the Company Secretary. He is responsible for optimizing the Eastern Merchants PLC Group's financial performance through the implementation of strategic financial and accounting policies.

Mr. F. Mushin MBA
Independent Non-Executive Director
Mr. Mushin was the Chief Executive Officer at Greenfield Bio Plantations (Pvt) Ltd. and has over 40 years of experience in the fields of Trading, Importing and Exporting. In his previous role, Mr. Mushin was employed at Link Natural Products (Pvt) Ltd., where he held the position of Director - Exports and Business Development for over a decade. He has been heavily involved in numerous industry bodies during his career, most notably being appointed as Chairman of the Exporters Association of Sri Lanka in 2016, and the Vice Chairman of the Spice Council in 2008.

Mr. R. Pradeep B.Sc, M.A.
Independent Non-Executive Director
He is at present the Chief Executive Officer of St. Anthony's Knowledge Services (Pvt) Ltd. and is a Director at VeracityAI. Having started his career at MAS Holdings, Mr. Pradeep was appointed the Chief Executive Officer - Special Projects at Esna Holdings (Pvt) Ltd. in 2009, where he also served on the Boards of several subsidiaries in the Group. Esna Holdings (Pvt) Ltd. is a diversified conglomerate with interest in Finance, Logistics, Bunkering, Power Solutions, Medical Products, Graphite Mining, Agriculture Exports and Coir Manufacturing. He currently serves as a Director at SLASSCOM (Sri Lanka Association for Software and Services Company).

Mrs. N. Nanayakkara FCMA, MBA.
Independent Non-Executive Director
Mrs. Nanayakkara counts for over 20 years of experience in Financial Planning and Management. She started her career in finance at MAS Linea Aqua in the apparel manufacturing industry and has extensive experience in manufacturing, FMCG and the knowledge processing Industries. In her most recent role, she served as the Head of Financial Planning and Analysis at the Hirdaramani Group.

Responsibility of the Managing Director and Director of Finance

As per the requirements of the Companies Act No. 7 of 2007, the Directors of the Company are responsible for the preparation and presentation of the Financial Statements for each financial year. The responsibilities of the Directors in relation to the Financial Statements of Eastern Merchants PLC are set out in this Statement, whereas the responsibilities of the Auditors are set out in the Auditors' Report on page 20 to 21 of this Annual Report. The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion and have complied accordingly. Their opinion on the Financial Statements is also detailed in the Auditor's report.

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept enabling, the determination, preparation, and presentation of the Financial Statements for each financial year, giving an accurate and impartial view of the financial position, financial performance, and cash flows of the group for the said period.

The Financial Statements give an accurate and impartial view of the situation of the Company and the Group at the end of the financial year, as well as the profit or loss of the Company and the Group for the financial year. The Financial Statements which are finalized and presented to the shareholders before the Annual General Meeting consist of the Income Statement, Statement of Comprehensive Income, and the Statement of Financial Position, in addition to the Financial Notes and Accounting Policies.

To ensure that the Financial Statements present a fair view of the financial position, performance and health of the Company/ Group, accounting records which correctly record and explain the Company's transactions have been maintained in accordance with the Sri Lanka Accounting and Auditing Standards. This requires faithful representation of the effects of transactions, other events, and conditions in accordance with these Accounting Standards and applies to the preparation of the Financial Statements of all subsidiaries in the Group at the reporting date, which give a true and fair view of the situation of the Company and its subsidiaries.

The Board of Directors have the general responsibility to take reasonable steps to safeguard the assets of the Company and in this regard to consider the establishment of appropriate internal control systems with a view of preventing and detecting fraud, material misstatements and other irregularities. The Companies Act also places the responsibility of the Board of Directors to ensure that the Financial Statements of the Company and its subsidiaries are prepared within the prescribed time in conformity with the Act.

Furthermore, the Directors also must ensure the listing rules of the Colombo Stock Exchange are complied with and that appropriate Accounting Policies have been used in a consistent manner where sensible judgment and estimates have been made when necessary. The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and government and other statutory bodies that were due in respect of the Company have been paid and are up to date. The Board declares that there were no non-recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report.

By order of the Board

C. S. L de Silva

Mr. C.S.L. de Silva
Managing Director

S. Jayakody
(F.C.A., B.Com.Spl., FCMA)
Director – Finance / Company Secretary

14th August 2024

Statement by the Senior Independent Director

The ‘Code of Best Practice on Corporate Governance 2023’ (The Code) issued by The Institute of Chartered Accountants of Sri Lanka and CSE listing rule No.9.6.3 recommends that a Senior Independent Director (SID) should be appointed in the event that the same person holds the offices of Chairman and Chief Executive Officer or where the Chairman is not an Independent Non-Executive Director or where the chairperson and CEO are close family members or related parties. The presence of a Senior Independent Director is necessary at Eastern Merchants PLC (“EM”) PLC as per the specified Listing Rule, considering that the Chairman, Mr. J.B.L. de Silva, holds an executive position as a Director and is a close family member of the Managing Director Mr. C.SL. de Silva and the Deputy Chairman Mr. H.J. de Silva.

The presence of a SID provides a workable mechanism to review the role played by the Chairman. While the role of the Chairman entails providing leadership in observing best practices of Corporate Governance, the role of the SID calls for a review of the Board’s effectiveness, the company, operation, and the performance of the chairperson.

The presence of the SID also emphasizes transparency on matters relating to governance. EM is committed to the principles of good governance. The Company follows a policy of strict compliance with mandatory requirements while voluntary adhering to additional standards. This approach aims to enhance stakeholder acceptance and positively impact value creation.

As the SID, I am consulted by the Chairman on governance issues, if there are any. Further, I make myself available to any Director to have any confidential discussion on the affairs of the Company, should the need arise.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.

F.Mushin
Senior Independent Director

14th August 2024

Audit Committee Report

The Eastern Merchants PLC Audit Committee consists of independent directors appointed by the Board to oversee the integrity of the company's financial reporting process, internal controls, and audit functions. The composition and attendance of the audit committee is given in the table below.

Independent Non-executive Director	Attendance
Mrs. N. Nanayakkara (Chairperson)	4/4
Mr. R. Pradeep	4/4
Mr. F. Mushin	4/4

The Managing Director and the Director - Finance participate in the Audit Committee meetings. Mrs. N Nanayakkara is a fellow member of Chartered Institute of Management Accountants – U.K and the committee's composition meets with the requirements of rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange.

During the Financial Year, the Audit Committee conducted its responsibilities in accordance with its scope of work, which includes:

Financial Statements Review: The Committee reviewed and discussed the Financial Statements with management and the external auditors. This review included assessing significant accounting policies, estimates, and disclosures. Audit Committee ensured that Financial Statements are prepared in compliance with Sri Lanka Accounting Standards and applicable regulatory requirements.

Internal Controls: the committee reviewed the internal control system operated within the company and assessed its effectiveness over financial reporting. The Committee reviewed any significant deficiencies or weaknesses identified and monitored management's remediation efforts.

External Audit: The Committee discussed audit planning, findings, and recommendations with the external auditors. The Committee also reviewed actions taken by the management in response to the issues raised by the auditors and effectiveness of the internal controls.

Risk Management: The Committee evaluated the company's risk management processes, particularly those related to financial reporting, to ensure alignment with strategic objectives and regulatory requirements. Where required appropriate mitigation and remedial actions were reported to the board. The Committee has received assurances from the Managing Director and Director - Finance regarding the Group's finances and operations.

Compliance: The Committee obtained representations from the Managing Director, and Director - Finance of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying their compliance with relevant statutory requirements.

Based on its review and discussions, the Audit Committee assures that the corporate information gathering, analysis and reporting systems developed by the Company represent a good faith attempt to provide the senior management and the Board of Directors with information regarding material facts, events and conditions. The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group and of the implementation of Group's accounting policies and operational controls provides reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company and its subsidiaries are able to continue to operate as going concerns.

The Audit Committee is of the view that the company has complied with Companies Act No.07 of 2007, regulations & directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

The Audit Committee reviewed the qualifications, independence, performance and objectivity of the External Auditors Messrs. D.H.P Munaweera & Co. who have been engaged as external auditors to Eastern Merchants for a number of years. The Committee has received a declaration from the External Auditors, confirming that they do not have any relationship or interest in the Company. The Committee is satisfied that the independence of the external auditors has not been compromised or influenced by any event or service that could result in a conflict of interest.

The Audit Committee has recommended to the Board that Messrs. D.H.P Munaweera & Co. be retained as the Independent External Auditor of the Company for the financial year commencing 1st April 2024, and that the re-appointment be included in the agenda of the Annual General Meeting.

Mrs. N. Nanayakkara
Chairperson – Audit Committee

14th August 2024

Related Party Transactions Review Committee Report

Related Party Transactions Review Committee (RPTRC) is tasked with providing advice to the Board in reviewing all related party transactions carried out by the Company. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities Exchange Commission (SEC) of Sri Lanka, while aiming to protect shareholder interests as well as maintaining fairness and transparency.

Two Independent Non-Executive Directors and one Executive Director serve on the Committee, while the Managing Director attends the meeting on invitation and the Director – Finance, functions as the Secretary to the Committee. The Committee held quarterly meetings for the year under review.

The members of the committee are Mr. R. Pradeep - Committee Chairman/ Independent Non-executive Director, Mr. F. Mushin - Member/ Independent Non-executive Director, Mr. S. Jayakody - Member/ Director – Finance

Name	Attendance
Mr. R. Pradeep (Chairman)	4/4
Mr. F. Mushin	4/4
Mr. S. Jayakody	4/4

The duties of the Committee are as follows:

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such a review, prior to the completion of the transaction.
- Determine whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- Monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Establish separate guidelines that are to be followed for recurrent and non-recurrent related party transactions of the Company and validate their economic and commercial substance.
- Review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so for the express purpose of providing information concerning the related party transaction to the Committee.

During the year the Committee reviewed the related party transactions and their compliances in Eastern Merchants PLC and its subsidiary companies and communicated its comments and observations to the Board. The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.

The Committee noted that during the year there were no non-recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. The Board has given a declaration in the Directors Responsibility Report on page 16 to the effect that no related party transaction falling with the ambit of the rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange was entered into by the Company during the financial year.

Mr. R. Pradeep
Chairman – Related Party Transactions Review Committee

14th August 2024

Remuneration Committee Report

In compliance with the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee comprises independent non-executive directors who bring a wealth of experience and objectivity to the process of determining executive remuneration. The current members of the committee and their attendance is listed in the table below.

Independent Non-Executive Director	Attendance
Mr. F. Mushin (Chairman)	3/3
Mr. R. Pradeep	2/3

The purpose of the Remuneration Committee is to assist and advice the Board on matters relating to the remuneration of the top management of the Company, including Board members. The Committee is responsible for ensuring that Eastern Merchants PLC observes coherent remuneration policies and practices, which enables the Company to attract and retain key personnel who are vital to the success of the Company and shareholders.

During the financial year, the Remuneration Committee undertook the following key activities:

Review of Remuneration Policy: The committee reviewed and, where necessary, updated the company's remuneration policy to reflect market conditions, regulatory requirements, and shareholder expectations.

Executive Compensation: The committee reviewed the performance of executive directors and senior management against predetermined targets and objectives. Based on this assessment, appropriate adjustments to salaries, bonuses, and other benefits were made to ensure alignment with company performance and shareholder interests.

Benchmarking: Benchmarking exercises were conducted to compare the company's remuneration practices with relevant industry peers, taking into account the company's size, sector, and geographic location.

Staff remuneration comprises a fixed and a variable component, the latter of which is in the form of bonus linked to the performance of the individual as well as the Company. The salaries and other benefits are reviewed periodically and every endeavor is made to ensure that the remuneration levels are sufficient and on par with industry standards enabling the Group to reward, motivate and retain its team. All Non-Executive Directors and Independent Directors of the Company receive a fee for serving on the board and internal committees but do not receive any salary or any performance related incentive payments.

We firmly believe that one of the most valuable assets we possess is our human capital and rewarding everyone concerned with fair and equitable remuneration packages is deeply entrenched in our corporate culture. This has ensured a happy and loyal workforce throughout the years, with minimal levels of staff turnover, union activity and no material employee related industrial relations.

The Remuneration Committee recommended the payment of a bonus and annual increments to be paid to the Executive and Non-Executive staff based on the ratings of the performance management system. The Remuneration Committee also reviewed the remuneration packages of the top management of the Company and considered them to be suitable.

The Remuneration Committee believes that the remuneration policies and decisions made during the financial year are in the best interests of Eastern Merchants PLC and its shareholders and that remuneration reflects the company's performance and values.

Mr. F. Mushin
Chairman – Remuneration Committee

14th August 2024

Statement of Directors' Responsibility for the Financial Statements

As per the requirements of the Companies Act No. 7 of 2007, the Directors of the Company are responsible for the preparation and presentation of the Financial Statements for each financial year. The responsibilities of the Directors in relation to the Financial Statements of Eastern Merchants PLC are set out in this Statement, whereas the responsibilities of the Auditors are set out in the Auditors' Report on page x of this Annual Report. The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion and have complied accordingly. Their opinion on the Financial Statements is also detailed in the Auditor's report.

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept enabling, the determination, preparation, and presentation of the Financial Statements for each financial year, giving an accurate and impartial view of the financial position, financial performance, and cash flows of the group for the said period.

The Financial Statements give an accurate and impartial view of the situation of the Company and the Group at the end of the financial year, as well as the profit or loss of the Company and the Group for the financial year. The Financial Statements which are finalized and presented to the shareholders before the Annual General Meeting consist of the Income Statement, Statement of Comprehensive Income, and the Statement of Financial Position, in addition to the Financial Notes and Accounting policies.

To ensure that the Financial Statements present a fair view of the financial position, performance and health of the Company/ Group, accounting records which correctly record and explain the Company's transactions have been maintained in accordance with the Sri Lanka Accounting and Auditing Standards. This requires faithful representation of the effects of transactions, other events, and conditions in accordance with these Accounting Standards and applies to the preparation of the Financial Statements of all subsidiaries in the Group at the reporting date, which give a true and fair view of the situation of the Company and its subsidiaries.

The Board of Directors have the general responsibility to take reasonable steps to safeguard the assets of the Company and in this regard to consider the establishment of appropriate internal control systems with a view of preventing and detecting fraud, material misstatements and other irregularities. The Companies Act also places the responsibility of the Board of Directors to ensure that the Financial Statements of the Company and its subsidiaries are prepared within the prescribed time in conformity with the Act.

Furthermore, the Directors also must ensure the listing rules of the Colombo Stock Exchange are complied with and that appropriate Accounting Policies have been used in a consistent manner where sensible judgment and estimates have been made when necessary. The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and government and other statutory bodies that were due in respect of the Company have been paid and are up to date. The Board declares that there were no non-recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report.

By order of the Board

S. Jayakody
(F.C.A., B.Com.Spl., FCMA)
Director – Finance / Company Secretary

14th August 2024

Principal Activities of the Group

All Companies in the Group whose Financial Statements have been included in the consolidated Financial Statements are as follows:

Name of the Company	Business Activity
Eastern Merchants PLC	Export of traditional and non-traditional products
Eamel Exports (Pvt) Ltd.	Leisure sector
Spice Lane (Pvt) Ltd.	Export of spice products
Eastern Merchants Commodities (Pte) Ltd.	Import/Export of traditional and non-traditional products
Microcells (Pvt) Ltd.	Export of rubber based products

Directors

I) Eastern Merchants PLC

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C.S.L de Silva, Mr. S. Jayakody, Mr. R. Pradeep, Mrs. N. Nanayakkara and Mr. F. Mushin.

Registered office and principal place of business – No. 240, Torrington Avenue, Colombo 07.

II) Eamel Exports (Pvt) Ltd.

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C.S.L. de Silva and Mr. S. Jayakody.

Registered office and principal place of business – No. 240, Torrington Avenue, Colombo 07.

III) Spice Lane (Pvt) Ltd.

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C.S.L. de Silva and Mr. S. Jayakody.

Registered office and principal place of business – 240, Torrington Avenue, Colombo 07.

IV) Eastern Merchants Commodities (Pte) Ltd.

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C.S.L. de Silva, Mr. S. Jayakody and Mr. H. M. Wijeyekoon.

Registered office and principal place of business – 20 Cecil Street, #05-03 Plus, Singapore 049705.

V) Microcells (Pvt) Ltd.

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C.S.L. de Silva, Mr. S. Jayakody and Mrs. G.R. J. de Silva.

Registered office and principal place of business – 240, Torrington Avenue, Colombo 07.

Financial Reports

Independent Auditor's Report

D H P

D.H.P. MUNAWEERA & CO.

Chartered Accountants.

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No. 5/6, Police Park Terrace,
Off Police Park Avenue,
Colombo 05,
Sri Lanka.

Telephone : +94 11 2553006
+94 11 2555313
Fax : +94 11 2555038
E-mail : munaweera@sltnet.lk

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Eastern Merchants PLC

Opinion

We have audited the Financial Statements of Eastern Merchants PLC ("the Company") which comprise the Statement of Financial Position as at 31st March 2024, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including Significant Accounting Policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the Financial Position of the Company as at 31st March 2024, and of its financial performance and its Cash Flows for the year ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key Audit Matter

1. Valuation of Investment Property

As at the reporting date of 31st March 2024, Land & Buildings carried at fair value amounted to Rs.1,296 Mn. The fair value of such properties was determined by the external Valuers. The valuation of Land & Buildings was significant to our audit due to the use of significant estimates such as per perch price and value per square foot disclosed in Notes 11.4.

How our Audit Addressed the Key Audit Matter

- Our audit procedures focused on the valuations carried out by external valuer engaged by the Company, and included the following;

Ms CK Wijayaratna FCA KLJN Perera FCA FMAAT B B Mgt(ACC) sp
RDM Wijethunga ACA Bsc (Mgt) RR Subasinghe ACA ACMA BBA (Mgt)

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- Read the valuation report and understood the key estimates made by the Board of Directors and the approach taken in determining the valuation of each property.

- Compared with the valuation reports with previous Years issued by the Professional Valuer and assessed the appropriateness of the valuation techniques used by the Board, for the per perch price and value per square foot.

- Reviewed the adequacy of the disclosures made in Note 11.4 to the Financial Statements relating to the valuation techniques and estimates used by the external valuer.

2. Interest Bearing Loans and Borrowings

As disclosed in Note 21, the Company's Interest-Bearing Loans and Borrowings are as follows.

Company's total borrowings as at 31st March 2024 is Rs.142 Mn, which represents 67% of the total liabilities.

Group's total borrowings is Rs.857 Mn, which represents 55% of the total liabilities.

The interest-bearing loans and borrowings consist of a number of loans which require compliance with multiple covenants. As a result of the multiple covenants, interest bearing borrowing are identified as a Key Audit Matter.

How our Audit Addressed the Key Audit Matter

- Our audit procedures focused on the following:

- We obtained an understanding of the covenants and controls in place relating to external borrowings, by referring to the loan agreements and discussions with managements.

- We obtained direct confirmations from external lending institutions regarding compliance by the Company in relation to the covenants throughout the period.

- We have also assessed the adequacy of the disclosures made in Note 24.1 and 34 in the Financial Statements.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report of the Directors but does not include the Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor’s Report

D.H.P. MUNAWEERA & CO.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs). and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty

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exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

The CA Sri Lanka membership number of the engagement partner responsible for signing this Independent Auditor's Report is 4046.

DHP Munaweera & Co

D.H.P. MUNAWEERA & COMPANY

Chartered Accountants.

Colombo

14th August 2024

MW/cr

Statement of Profit or Loss

For the year ended 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Continuing Operations					
Revenue	3	1,157,288	1,415,242	2,686,134	2,711,623
Cost of Sales		(1,112,659)	(1,223,723)	(2,349,921)	(2,175,288)
Gross Profit		44,628	191,519	336,213	536,335
Other Operating Income	4	3,290	58,117	21,989	106,531
		47,919	249,636	358,201	642,866
Administrative Expenses		(83,561)	(89,005)	(302,861)	(290,865)
Distribution Expenses		(30,863)	(74,196)	(89,132)	(237,972)
Profit / (Loss) from Operations		(66,506)	86,435	(33,792)	114,029
Finance Expenses	5	(16,839)	(11,277)	(58,555)	(49,975)
Finance Income	6	93,061	63,047	101,046	67,393
Profit/ (Loss) before Taxation	7	9,717	138,205	8,699	131,446
Taxation	8	16,152	(25,714)	11,508	(56,366)
Profit/ (Loss) for the year		25,869	112,491	20,207	75,080
Attributable to					
Equity Holders of the Parent				17,868	74,091
Non Controlling Interest				2,339	989
Profit/ (Loss) for the year				20,207	75,080
Earnings per Share - Basic - Rs.	9	0 .22	0.96	0.17	0.64
Dividend per Share - Rs.	10	-	0 .15	-	0 .15

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 30 through 78 form an integral part of the Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Profit/(Loss) for the year	25,869	112,491	20,207	75,080
Other Comprehensive Income				
Other Comprehensive Income to be Re-classified to Income Statement in subsequent year				
Currency translation of Foreign Operations	-	-	(1,850)	(42,146)
Net Other Comprehensive Income to be re-classified to Income Statement in subsequent year	-	-	(1,850)	(42,146)
Other Comprehensive Income not to be re-classified to Income Statement in subsequent year				
Net Gain/(Loss) on Financial Instruments at fair value through OCI	-	-	(9,706)	26,016
Revaluation Reserve / (Reversal) Relating to Revaluation of PPE	43,920	-	357,646	-
Re-measurement Gain / (Loss) on Defined Benefit Plans	(1,389)	1,507	(2,260)	2,169
Net Other Comprehensive Income not to be re-classified to Income Statement in subsequent year	42,531	1,507	345,680	28,185
Tax on Other Comprehensive Income				
Net Income Tax Charge / (Reversal) Relating to Revaluation of PPE	(14,409)	-	85,053	-
Net Income Tax Charge / (Reversal) Relating to Defined Benefit Plans	628	(243)	918	(243)
Other Comprehensive Income for the year, net of Tax	28,750	1,264	429,801	(14,204)
Total Comprehensive Income for the year, net of Tax	54,618	113,755	450,008	60,876
Attributable to				
Equity Holders of the Parent			449,143	48,222
Non Controlling Interest			865	12,654
Total Comprehensive Income for the year			450,008	60,876

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 30 through 78 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
ASSETS					
NON-CURRENT ASSETS					
Property, Plant & Equipment	11	311,415	276,821	1,735,382	1,234,542
Right-of Use Assets	11.5	2,357	3,132	2,357	3,132
Intangible Assets	12	-	-	6,530	8,409
Investments in Subsidiaries	13	731,933	728,349	-	-
Non Current Financial Assets	14	439,245	323,000	470,679	364,087
		1,484,950	1,331,302	2,214,948	1,610,170
CURRENT ASSETS					
Inventories	15	64,042	192,686	328,369	426,905
Trade & Other Receivables	16	110,625	69,738	391,202	217,855
Other Current Assets	17	33,824	24,031	90,922	113,186
Amounts due from Related Parties	18	53,125	34,525	-	-
Cash in hand & At Bank	19	28,057	35,800	110,650	206,829
		289,673	356,780	921,143	964,775
TOTAL ASSETS		1,774,623	1,688,082	3,136,092	2,574,945
EQUITY & LIABILITIES					
CAPITAL & RESERVES					
Stated Capital	20	16,778	16,778	16,628	16,576
Revenue Reserves	21	1,452,077	1,426,970	1,894,090	1,876,983
Other Components of Equity	22	95,384	65,873	345,412	118,553
		1,564,239	1,509,621	2,256,131	2,012,112
Non Controlling Interest		-	-	23,160	35,105
Total Equity		1,564,239	1,509,621	2,279,291	2,047,217
NON-CURRENT LIABILITIES					
Deferred Tax Liability	23	9,236	11,774	227,651	129,528
Interest Bearing Borrowings	24	-	18,894	42,500	91,395
Retirement Benefit Obligations	25	16,600	12,195	25,149	17,175
		25,836	42,863	295,300	238,098

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
CURRENT LIABILITIES					
Trade & Other Payables	26	4,350	3,908	119,128	37,561
Amounts due to Related Parties	27	28,462	621	-	-
Other Current Liabilities	28	9,982	4,681	10,765	6,122
Liabilities of Discontinued Operations	29	-	-	-	131
Income Tax Payable	30	-	9,394	1,813	20,888
Interest Bearing Borrowings	24	66,938	78,952	296,798	176,152
Bank Overdraft	24.1.2	74,816	38,042	132,997	48,776
		184,548	135,598	561,501	289,630
TOTAL EQUITY & LIABILITIES		1,774,623	1,688,082	3,136,092	2,574,945

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

Srinath Jayakody
Director - Finance

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

Approved and signed for and on behalf of the Board by,

J.B.L. De Silva
Chairman

C.S.L. De Silva
Managing Director

14th August 2024

Figures in brackets indicate deductions
The Accounting Policies and Notes on pages 30 through 78 form an integral part of the Financial Statements.

Statement of Changes in Equity - Company

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2022	16,778	65,873	1,330,820	1,413,471
Net Profit/ (Loss) for the year	-	-	112,491	112,491
Comprehensive Income	-	-	1,264	1,264
Total Comprehensive Income	-	-	113,755	113,755
Reversal of Revaluation Reserve for Assets Disposed	-	-	(17,606)	(17,606)
Balance as at 31st March 2023	16,778	65,873	1,426,969	1,509,620
Net Profit/ (Loss) for the year	-	-	25,869	25,869
Comprehensive Income	-	29,511	(761)	28,750
Total Comprehensive Income	-	29,511	25,108	54,619
Dividend Paid	-	-	-	-
Balance as at 31st March 2024	16,778	95,384	1,452,077	1,564,239

Figures in brackets indicate deductions
The Accounting Policies and Notes on pages 30 through 78 form an integral part of the Financial Statements.

Statement of Changes in Equity - Group

	Attributable to Equity Holders of Parent							
	Stated Capital	Re-valuation Reserves	Fair Value Reserve of Financial Assets at FVOCI	Operation from Foreign Currency	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2022	16,576	94,741	(10,671)	64,116	1,817,868	1,982,630	22,451	2,005,081
Profit/(Loss) for the year	-	-	-	-	74,091	74,091	989	75,080
Other Comprehensive Income	-	-	12,512	(42,146)	1,926	(27,707)	11,666	(16,042)
Total Comprehensive Income	-	-	12,512	(42,146)	76,017	46,384	12,654	59,038
Dividend Paid to Equity Holders of the Parent	-	-	-	-	(16,900)	(16,900)	-	(16,900)
Balance as at 31st March 2023	16,576	94,741	1,841	21,970	1,876,985	2,012,114	35,105	2,047,219
Profit/(Loss) for the year	-	-	-	-	17,868	17,868	2,339	20,206
Other Comprehensive Income	-	243,775	(6,502)	(1,850)	(763)	234,659	(3,203)	231,456
Revaluation Reserve on Disposal of Fixed Assets	-	(8,562)	-	-	-	(8,562)	-	(8,562)
Total Comprehensive Income	-	235,213	(6,502)	(1,850)	17,105	243,965	(865)	243,100
Acquisition of Minority Interest	52	-	-	-	-	52	(11,080)	(11,028)
Disposal FVOCI Investments	-	-	-	-	-	-	-	-
Dividend Paid to Equity Holders of the Parent	-	-	-	-	-	-	-	-
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-
Balance as at 31st March 2024	16,628	329,954	(4,661)	20,120	1,894,090	2,256,131	23,160	2,279,291

Eamel Exports (Pvt) Ltd. acquired 25,000 Shares of Eastern Merchants PLC prior to 21st May 1982. Subsequently the number of shares increased up to 100,000 as a result of a Bonus Issue made by Eastern Merchants PLC on 24th June 1997. After the sub-division of the company shares, whereby one (1) existing share was sub-divided to seventy (70), the number of ordinary shares held by Eamel Exports (Pvt) Ltd. has increased to 7,000,000. - Refer note no. 20.1.

Figures in brackets indicate deductions
The Accounting Policies and Notes on pages 30 through 78 form an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31st March	Note	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Profit/(Loss) before Working Capital Changes	A	(55,225)	92,996	15,234	144,671
(Increase)/Decrease in Inventories		128,644	(136,431)	98,984	104,756
(Increase)/Decrease in Debtors & Other Receivables		(40,887)	64,464	(176,828)	438,033
Increase/(Decrease) in Amounts due from/due to Related Parties		9,241	(187,069)	-	(2,550)
(Increase)/Decrease in Other Current Assets		(9,472)	(5,841)	23,666	27,182
Increase/(Decrease) in Other Current Liabilities		5,301	(11,704)	21,281	(110,693)
Increase/(Decrease) in Trade & Other Payables		443	283	81,109	(111,461)
Cash Generated from Operations		38,045	(183,301)	63,446	489,937
Finance Costs Paid		(15,159)	(9,634)	(56,875)	(36,852)
Defined Benefit Plan Cost Paid		-	-	(13,885)	(7,900)
Income Tax Paid		(9,882)	(160)	(11,181)	(5,584)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		13,004	(193,095)	(18,494)	439,601
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		-	(20,421)	(217,550)	(152,903)
Acquisition of Intangible Assets		-	-	-	(7,577)
Proceeds from Sale of Property, Plant & Equipment		157	4,000	8,916	4,000
Settlement of Liabilities of Discontinued Operations		-	-	(131)	-
Investment in Non Financial Assets		(116,245)	177,000	(116,245)	177,000
Investment in Subsidiaries		(3,584)	(100,125)	(2,649)	(125)
Proceed from Share Disposal			-	-	17,159
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITES		(119,672)	60,454	(327,660)	37,554
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Finance Income Excluding Dividend		93,061	62,818	93,061	63,912
Dividend Paid		-	(17,606)	-	(16,900)
Proceeds from Interest Bearing Borrowings		314,700	176,417	448,302	352,217
Repayment of Interest Bearing Borrowings		(345,608)	(160,796)	(375,608)	(770,698)
Net Cash flows from/(used in) Financing Activities		62,153	60,832	165,754	(371,470)
Net Increase/(Decrease) in Cash & Cash Equivalents		(44,514)	(71,810)	(180,400)	105,686
Cash & Cash Equivalent at the beginning of the year		(2,242)	69,568	158,053	52,367
Cash & Cash Equivalents at the end of the year		(46,758)	(2,242)	(22,347)	158,053

For the year ended 31st March	Note	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Cash & Cash Equivalents					
Cash in hand & At Bank		28,057	35,800	110,650	206,829
Bank Overdrafts		(74,816)	(38,042)	(132,997)	(48,776)
Cash and Cash Equivalents at the end of the year		(46,758)	(2,242)	(22,347)	158,054
Note A - Operating Profit/ (Loss) before Working Capital Changes					
Profit/(Loss) before Tax		9,717	138,205	8,699	131,446
Adjustments for,					
Finance Income		(93,061)	(63,047)	(101,046)	(64,152)
Finance Costs		15,159	9,634	56,875	36,852
Depreciation		7,960	8,788	55,370	45,381
Amortisation		775	-	1,879	2,102
(Profit)/Loss on Sale of Property, Plant & Equipment		1,209	(3,101)	1,209	(3,101)
(Gain)/ Loss on Currency translation of foreign operations		-	-	(15,487)	(7,218)
Profit for Share Disposable		-	-	1,075	(1,760)
Provision for Gratuity		3,016	2,518	6,659	5,122
Operating Profit/ (Loss) before Working Capital Changes		(55,225)	92,996	15,234	144,671

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 10 through 68 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Eastern Merchants PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company and its subsidiaries have the registered office located at 240, Torrington Avenue, Colombo 7.

1.2 The notes to the Financial Statements on pages 10 to 68 form an integral part of the Financial Statements.

1.3 All values are rounded to the nearest rupees thousand (Rs.'000) except when otherwise indicated.

1.4 Principal Activities & Nature of Operations

The Principal Activities of the Group are given below;

Name of the Company	Business Activities
Eastern Merchants PLC	Export of traditional and non-traditional products
Eamel Exports (Pvt) Ltd	Leisure Sector
Spice Lane (Pvt) Ltd	Export of spice products
Eastern Merchants Commodities (Pte) Ltd	Import/Export of traditional and non-traditional products
Microcells (Pvt) Ltd	Export of rubber sheeting and flooring products

1.5 Number of Employees

The number of Employees at the end of the year was 230 (2023 - 224).

1.6 Approval of Financial Statements

The Financial Statements for year ended 31st March 2024 were authorized for issue by the Board of Directors on 14th August 2024.

1.7 Statement of Compliance

The Financial Statements which comprise the Statement of Profit or Loss, Statement of Other comprehensive income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flow, together with the Accounting Policies and Notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

1.8 Basis of Consolidation

Consolidated Financial Statements

The Financial Statements for the year ended 31st March 2024, comprise "the Company" referring to Eastern Merchant PLC as the holding company and "the Group" referring to the Companies that have been consolidated therein.

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31st March 2024. The Financial Statements of the subsidiaries are prepared in compliance with the Group's Accounting Policies unless otherwise stated. All intra-Group balances, income and expenses unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns
  When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

1.8.1 Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31st March, using consistent accounting policies.

All the Subsidiaries consolidated have been listed below.

Subsidiary Company	Effective Holding %
Eamel Exports (Pvt) Ltd	67.00
Spice Lane (Pvt) Ltd	100.00
Eastern Merchants Commodities (Pte) Ltd	100.00
Microcells (Pvt) Ltd	100.00

Loss of Control
If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statement of Profit or Loss. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated Statement of Profit or Loss and Statement of Comprehensive Income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Statement of Financial Position.

Non-controlling Interest (NCI)
Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated Statement of Profit or Loss and Statement of Comprehensive Income and as a component of equity in the consolidated Statement of Financial Position, separately from parent' shareholders' equity.

The consolidated Statement of Cash Flow includes the Cash Flows of the Company and its subsidiaries.

1.9 Responsibility for Financial Statements
The responsibility of the Board of Directors in relation to the Financial Statements is set out as follows.

The Directors are required to confirm that the financial statements have been prepared

- Using appropriate Accounting Policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and

  Presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS); and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and

- provide the information required by and otherwise comply with the Companies Act.

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

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Group.

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

The Directors are required to prepare the Financial Statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out above.

2. BASIS OF PREPERATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation
The consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, derivative financial instruments, fair value through profit or loss financial assets and available-for-sale financial assets that have been measured at fair value.

2.2 Presentation of Functional Currency
The consolidated Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the holding company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

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

The following subsidiaries are using different functional currencies other than Sri Lankan Rupees (LKR):

Country of Incorporation	Functional Currency	Name of the Subsidiary
Singapore	Dollar (USD)	Eastern Merchants Commodities (Pte) Ltd.

The exchange rates applicable during the period were as follows

Functional Currency	Statement of Financial Position		Statement of Profit or Loss	
	Closing Rate		Average Rate	
	2024	2023	2024	2023
Dollar (USD)	299.08	299.65	220.44	298.32

2.2.1 Foreign Currency Translation, Foreign Currency Transactions and Balances

The consolidated Financial Statements are presented in Sri Lanka Rupees (LKR), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

2.2.2 Foreign Operations

The Statement of Financial Position and Statement of Profit or Loss of overseas subsidiaries and joint ventures which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively. The exchange differences arising on the translation are taken directly to Other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in Other comprehensive income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

2.3 Significant Accounting Judgements, Estimates & Assumptions

The preparation of the Financial Statements in conformity with SLFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgemental decisions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. The most significant uses of judgements and estimates are as follows:

The preparation of the Financial Statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Valuation of Property, Plant & Equipment and investment property.
b) Impairment of non-financial assets
c) Taxes
d) Employee benefit liability.

2.3.1 Taxation

The Company and its subsidiaries are subject to income tax and other taxes. The liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and the amendments thereto. Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or Other comprehensive income, in which case it is recognised either in equity or Other comprehensive income.

2.3.2 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on going concern basis.

2.3.3 Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

2.4 Current Versus Non-Current Classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An Asset as Current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
include a sub point like the one below.

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets & liabilities.

2.5 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segments) or in providing products or services within a particular economic segment (geographical segment) which is subject to risk and returns that are different from those of other segments.

2.6 Discontinued Operations

(i) Assets

Current and non-current assets of discontinued operations are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant & equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(ii) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier when an operation is classified as a discontinued operation, the comparative Statement of Profit or Loss is represented as if the operation had been discontinued from the start of the comparative period.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- Is a subsidiary acquired exclusively with a view to re- sale.

2.7 Business Combinations & Goodwill

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement. The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss, in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro rata to the carrying amount of each asset in the unit

Impairment of Goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is re-cognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.8 Investment in Equity Accounted Investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other comprehensive income of those investees is presented as part of the Group's Other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of results of equity accounted investees' in the Statement of Profit or Loss. Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in Statement of Profit or Loss. The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group. Accounting policies that are specific to the business of associate companies are discussed below. Equity method of accounting has been applied for associate and joint ventures using their corresponding/matching 12 months financial period. In the case of associates, where the reporting dates are different to Group reporting dates, adjustments are made for any significant transactions or events up to 31st March.

2.9 Assets & Bases of their Valuation

2.9.1 Property, Plant & Equipment

Items of Property, Plant & Equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, except for land and buildings which are measured at revalued amounts.

2.9.1.1 Cost & Valuation

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

All items of property, plant & equipment are initially recognised at cost. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are recognised in the Statement of Profit and Loss. Upon disposal, any revaluation reserves relating to the particular assets being sold is transferred to retained earnings.

2.9.1.2 Subsequent Costs

The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant & equipment are recognised in the Statement of Profit and Loss as incurred.

2.9.1.3 Depreciation

Depreciation is calculated over the depreciable amount, or other amount substituted for cost, less its residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, since this most closely reflected the expected pattern of consumption of the future economic benefits embodied in the asset. Freehold land is not depreciated.

The Annual Rates of Depreciation used are as follows:

	Microcells (Pvt) Ltd	**Eastern Merchants PLC and Other Companies in the Group**
Assets	**Rate**	**Rate**
Buildings	2.5%	5%
Plant & Machinery	6.67%	10%
Tools & Equipment	25%	10%
Mould	10%	-
Electrical Installation	20%	10%
Motor Vehicles	25%	12.5%
Furniture & Fittings	20%	10%
Office Equipment	10%	10%
Stores & Other Equipment	10%	10%
Fax Machine	-	20%
Computers	25%	15%
Generators	-	12.5%
Right-of-Use Assets	-	12.5%

Depreciation of an asset begins when it is available for use and ceases at the earliest date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

2.9.1.4 De-recognition

An item of property, plant & equipment is derecognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognised net within 'other income' in the Statement of Profit and Loss.

2.9.2 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the Statement of Profit and Loss in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Profit and Loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant & equipment in the consolidated Financial Statements and accounted using Group accounting policy for property, plant and equipment.

2.9.3. Intangible Assets

2.9.3.1 Basis of Recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

2.9.3.2. Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

2.9.3.3. Useful Economic Lives, Amortization & Impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset is reducing balance method used 20% rate for amortization. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash generating unit level. The useful life of intangible assets with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2.9.4 Leases

Policy Applicable after 01st April 2019

The Group recognises a right-of-use asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After initial recognition, the Group applies the cost model for the right-of-use asset and depreciates the asset from the commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the Profit or Loss. Right of use assets are subject to impairment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy Applicable prior to 01st April 2019
Operating Leases
Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as expenses on a straightline basis over the lease term or on a basis which is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Finance Leases
Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

2.9.5 Inventories
Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of each category of inventory is determined on the following basis:

(a) Raw Materials	At actual cost on weighted average cost basis.
(b) Finished Goods & Work-in-Progress	At the cost of direct materials, direct labor and the appropriate proportion of fixed variable & production overheads based on normal operating capacity.
(c) Packing Materials	At actual cost on weighted average cost basis
(d) Consumables & Spares	At actual cost on weighted average cost basis

2.9.6 Investment in Subsidiaries
Investment is held as long term investment and is stated at cost of acquisition.

2.9.7 Financial Instruments - Financial Assets
2.9.7.1 Financial Instruments - Initial Recognition and Subsequent Measurement
Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through Other comprehensive income (OCI), and fair value through profit or loss..

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

2.9.7.2 Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories
- Financial assets at amortized cost .
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de derecognition.
- Financial assets at fair value through profit or loss.

2.9.7.3 Debt instruments
Financial Assets at Amortized Cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables and short-term investments.

2.9.7.4 Financial Assets at Fair Value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Statement of Profit or Loss.

2.9.7.5 Equity Instruments

2.9.7.5.1 Financial Assets Designated at Fair Value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

2.9.7.5.2 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

Financial assets – de recognition

Financial assets are de recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.9.7.6 Impairment of Financial Assets

From 01st April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

2.9.8 Financial Liabilities

2.9.8.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

2.9.8.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Profit or Loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

2.9.8.2.1 Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit or Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

2.9.8.2.2 Off-setting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing.

2.12 Liabilities & Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date. All known liabilities have been accounted for in preparing these Financial Statements. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2.13 Capital Commitments & Contingent Liabilities

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 commitments and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.14 Employee Benefits

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively.

a) Employee Defined Benefit Plan - Gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using an actuarial valuation. Any actuarial gains or losses arising are recognised immediately in Other comprehensive income this was previously recognised in Statement of Profit or Loss.

However, according to the payment of gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continued service with the Company.

The Liability is not externally funded. The item is grouped under non-current liabilities in the Statement of Financial Position.

(b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective Statutes and Regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund, respectively and is recognised as an expense in statement of comprehensive income in the periods during which services are rendered by employees.

(c) Short-term Benefits
Short-term employee benefits and obligations are measured on an undiscounted basis and are expensed as the related services are provided.

2.15 Income Tax
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity or Other comprehensive income, in which case it is recognised either in equity or Other comprehensive income respectively.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Group recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

(a) Current Income Tax
Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of prior periods.

(b) Deferred Income Tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses are carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit or Loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Turnover Based Taxes
Turnover based taxes include Value Added Tax (VAT). The Group pays such tax in accordance with the respective statutes.

2.16 Revenue Recognition

2.16.1 Revenue from Contract with Customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

Goods Transferred at a Point in Time
Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

Further more following specific criteria are used for the purpose of recognition of revenue.

2.16.2 Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and turnover related taxes. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2.16.3 Rendering of Services

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered or performed.

2.16.4 Finance Income and Finance Cost

For all financial instruments interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future impairment losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts.

The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'interest income' for financial assets and 'interest expense' for financial liabilities. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.16.5 Dividend Income

Dividend income is recognised in the Statement of Profit and Loss on the date the entity's right to receive payment is established.

2.16.6 Rental Income

Rental income is recognised in the Statement of Profit and Loss on an accrual basis.

2.16.7 Others

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

2.17 Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the costs incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to Statement of Profit or Loss. For the purpose of presentation of the Statement of Comprehensive Income the 'function of expenses' method has been adopted by the Directors of the Group on the basis that it presents fairly the elements of the Group's performance.

2.18 Events after the Reporting Date

There have been no events subsequent to the reporting date, which require disclosure in the Financial Statements but the Company has been closely monitoring the impact of the ongoing Economic Crisis in the Country on the Company's business operations.

2.19 Earnings per Share

The Group presents basic Earnings per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

2.20 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the Financial Statements in order to enhance the understanding of the Financial Statements of the current period and to improve the inter- period comparability. When the presentation or classification of items in the Financial Statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.21 Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

2.21.1 Land & Buildings

The fair value of land and buildings is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

2.21.2 Investments in Equity Securities

The fair value of financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

2.21.3 Non-derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated, based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2.22 New Accounting Standards (SLFRS/LKAS) Issued but not yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements.

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 01st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. However, SLFRS 17 will be neither affected nor applied to the Group since Group has not been engaged in Insurance contracts.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group / Company's Financial Statements.

Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements. The amendments are effective for annual periods beginning on or after 01st January 2024. The amendments are not expected to have a material impact on the Group / Company's Financial Statements.

Disclosures:

Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

3 REVENUE

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Export	1,157,288	1,415,242	2,674,302	2,691,417
Local Sales	-	-	3,127	17,089
Services	-	-	8,705	3,118
	1,157,288	1,415,242	2,686,134	2,711,623

4 OTHER OPERATING INCOME

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Rent	-	-	-	-
Profit on Sale of Property, Plant & Equipment	-	3,101	148	4,855
Exchange Gains	3,157	54,634	14,212	101,294
Subscription for Solar Power Supply to CED	133	382	133	382
Gain from Bargain Purchases	-	-	7,496	-
	3,290	58,117	21,989	106,531

5 FINANCE EXPENSES

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Interest on Borrowings & Charges	15,159	11,093	56,875	49,791
Finance Charges on Lease Liabilities	1,680	184	1,680	184
	16,839	11,277	58,555	49,975

6 FINANCE INCOME

	COMPANY		GROUP	
For the year ended 31st March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	93,061	63,047	101,046	65,633
Profit for Share Disposable	-	-	-	1,760
	93,061	63,047	101,046	67,393

7 PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following;

	COMPANY		GROUP	
For the year ended 31st March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors' Emoluments	12,100	9,017	31,398	22,333
Costs of Defined Employee Benefits				
Defined Benefit Plan Cost - Gratuity	2,255	2,518	5,898	5,122
Defined Benefit Plan Cost - E.P.F. & E.T.F.	3,858	3,157	15,820	13,048
Staff Expenses	47,342	39,625	159,231	136,680
Depreciation of Property, Plant & Equipment	8,735	9,563	55,370	48,552
Amortisation	-	-	1,879	2,102
Auditors' Remuneration - Audit	955	895	2,483	3,496
Non-Audit	795	820	795	820
Charity & Donations	316	232	604	357

8 INCOME TAX EXPENSES

	COMPANY		GROUP	
For the year ended 31st March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
The Major Components of Income Tax Expenses are as follows:				
Current Income Tax Charge				
Current Income Tax Charge	-	9,553	3,397	30,426
ESC Written-off	-	4,248	-	4,248
Additional Assessment of Income Tax	168	-	1,329	-
Deferred Tax Charge /(Release)				
Relating to Origination & Reversal of Temporary Differences	(16,320)	11,913	(16,234)	21,692
Income Tax Expenses/ (Reversal) Reported in the Income Statement	(16,152)	25,714	(11,508)	56,366

8.1 Reconciliation between Current Tax Charge and the Accounting Profit

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Profit/(Loss) before Tax	9,717	138,205	8,699	131,446
Profit after Adjustments	9,717	138,205	8,699	131,446
Non - Deductible Expenses	12,068	12,304	13,397	13,633
Income not Liable for Income Tax	(2,157)	(11,365)	(10,026)	(19,234)
Other Sources of Income	(63,047)	(63,047)	(63,060)	(63,060)
Deductible Expenses	(10,104)	(10,104)	(13,165)	(13,165)
Adjusted Profit/ (Loss) on Trade Business	(53,523)	65,993	(64,154)	49,620
Other Sources of Income	63,047	63,047	63,047	63,047
Assessable Income	9,524	129,040	63,047	63,047
Unrelieved Loss Claimed	(65,992)	(65,992)	(65,992)	(65,992)
	(56,468)	63,048	(2,945)	(2,945)
Deduction from Assessable Income	-	-	-	-
Taxable Income	(56,468)	63,048	(2,945)	(2,945)
Tax on Taxable Income				
Tax on Qualified Export Profit at 14%	-	-	-	4,418
Tax on Agriculture Profit at 17%	-	-	-	-
Income Tax on Standard Rate 24%	-	9,553	-	9,685
Income Tax Over/(Under) Provisions in Previous years	-	-	-	-
Capital Gain Tax at Tax Rate 10%	-	-	-	5,198
Income Tax Over/(Under) Provisions in Previous years	-	-	1,329	-
Income Tax on Standard Rate 30%	-	-	3,397	11,126
Current Tax Charge	-	9,553	4,726	30,426

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
8.2 Deferred Tax Expenses				
Deferred Tax Expenses arising from;				
Accelerated Depreciation for Tax Purposes	775	(277)	3,621	8,223
Revaluation of Investment Property to Fair Value	8,194	(412)	8,194	(412)
Retirement Benefit Obligation	(2,645)	(385)	(2,903)	822
Reversal/(Benefit) arising from Tax Losses	(22,644)	12,987	(25,146)	13,060
Deferred Tax Charged directly to Income Statement	(16,320)	11,913	(16,234)	21,692
Other Comprehensive Income				
Deferred Tax Expenses arising from;				
Actuarial Losses on Defined Benefit Obligations	(628)	243	(338)	243
Revaluation of Land & Building to Fair Value	14,409	-	(85,053)	-
Total Deferred Tax Charged/ (Credited) directly to OCI	13,782	243	(85,390)	243

Deferred Tax has been computed at 30% for all Standard Rate Companies.

8.3 Applicable Rates of Income Tax

The tax liability of the Group Companies are computed at the standard rate of 30% except for the following companies which enjoy full or partial exemptions and concessions.

Company		Concession	Period
Eastern Merchants PLC	Exporting Non Traditional	30% 30%	Open Ended
Spice Lane (Pvt) Ltd	Exporting Non Traditional Commodities	30%	Open Ended
Eamel Exports (Pvt) Ltd	Guest House	30% 30%	Open Ended
Microcells (Pvt) Ltd	Exporting Non Traditional Commodities	30% 30%	Open Ended
Eastern Merchants Commodities (Pte) Ltd		17%	Open Ended

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares. The following reflects the income and share data used in the basic earnings per share computation.

	COMPANY		GROUP	
For the year ended 31st March	**2024**	**2023**	**2024**	**2023**
Amount used as the Numerator				
Net Profit/(Loss) Attributable to Ordinary Shareholders (In Rs. '000)	25,869	112,491	20,207	75,080
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares (In '000)	117,446	117,446	117,446	117,446
Basic Earning per Share (Rs.)	0.22	0.96	0.17	0.64

There were no potentially dilutive ordinary shares outstanding at any time during the year.

10 DIVIDEND PER SHARE

	COMPANY		GROUP	
For the year ended 31st March	**2024**	**2023**	**2024**	**2023**
Equity Dividend on Ordinary Shares Declared and Paid during the year (Rs)	-	17,606	-	16,900
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares	117,446	117,446	113,226	111,777
Dividend Per Share (Rs)	-	0.15	-	0.15

11 PROPERTY, PLANT & EQUIPMENT

11.1 Company

11.1.1 Cost / Revaluation	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2023	203,420	58,879	12,769	54,471	4,300	9,902	8,545	7,549	359,834
Additions	-	-	-	-	-	-	-	-	-
Revaluation	26,550	17,370	-	-	-	-	-	-	43,920
Adjustment	-	(14,720)	-	-	-	-	-	-	(14,720)
Disposals	-		-	(1,600)	-	-	-	-	(1,600)
As at 31st March 2024	229,970	61,529	12,769	52,871	4,300	9,902	8,545	7,549	387,434
112.1.2 Depreciation									
As at 01st April 2023	-	11,776	12,749	34,992	4,298	5,440	6,715	7,042	83,012
Charge for the year	-	2,944	14	3,495	1	909	462	135	7,960
Adjustment	-	(14,720)	-	-	-	-	-	-	(14,720)
Disposals	-		-	(233)	-	-	-	-	(233)
As at 31st March 2024	-	-	12,763	38,254	4,299	6,349	7,177	7,176	76,019
11.1.3 Net Book Value									
As at 31st March 2024	229,970	61,529	6	14,617	1	3,553	1,368	372	311,415
As at 31st March 2023	203,420	47,103	20	19,479	2	4,462	1,830	507	276,821

11.1.4 The carrying amount of Company's revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	2024			2023		
	Cost Rs.'000	Accumulated Depreciation Rs.'000	Net Book Value Rs.'000	Cost Rs.'000	Accumulated Depreciation Rs.'000	Net Book Value Rs.'000
Land						
Balances at the beginning of the Year	145,254	-	145,254	145,254	-	145,254
Add: Addition during the year	-	-	-	-	-	-
Less: Disposal during the year	-	-	-	-	-	-
Balances at the end of the Year	145,254	-	145,254	145,254	-	145,254
Buildings						
Balances at the beginning of the Year	13,835	(4,788)	9,047	13,835	(4,293)	9,542
Add: Addition during the year	-	-	-	-	-	-
Less: Depreciation for the year	-	(452)	-	-	(495)	-
Less: Cost of Building Disposed	-	-	-	-	-	-
Balances at the end of the Year	13,835	(5,240)	8,595	13,835	(4,788)	9,047
Total	159,089	(5,240)	153,849	159,089	(4,788)	154,301

11.1.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.00 Mn (2023 - Rs. 22Mn). Cash Payments Amounting to Rs.00Mn (2023- Rs. 0.55 Mn) were made during the year for purchase of Property, Plant & Equipment.

11.1.6 Property, Plant & Equipment includes fully Depreciated Assets having Gross carrying Value of Rs. 42Mn (2023 - Rs. 38Mn .)

11.2 Group

11.2.1 Cost / Revaluation	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2023	685,061	262,559	412,834	103,515	20,200	19,002	77,725	25,388	1,606,285
Additions	4,409	23,096	85,134	-	203	200	103,652	858	217,551
Revaluation Surplus	322,462	35,183	-	-	-	-	-	-	357,645
Adjustment	-	(36,749)	-	-	-	-	-	-	(36,749)
Disposals	-	-	(27,600)	(1,600)	-	-	-	-	(29,200)
As at 31st March 2024	**1,011,932**	**284,088**	**470,368**	**101,915**	**20,403**	**19,202**	**181,377**	**26,246**	**2,115,532**
11.2.2 Depreciation									
As at 01st April 2023	-	35,157	138,614	70,388	20,169	14,134	68,856	24,426	371,743
Charge for the year	-	8,756	27,236	14,837	19	1,063	2,330	353	54,594
Revaluation Adjustment	-	(36,749)	-	-	-	-	-	-	(36,749)
Disposals	-	-	(9,205)	(233)	-	-	-	-	(9,438)
As at 31st March 2024	-	7,164	156,646	84,992	20,188	15,197	71,186	24,779	380,150
11.2.3 Net Book Value									
As at 31st March 2024	1,011,932	276,924	313,722	16,923	215	4,005	110,191	1,467	1,735,382
As at 31st March 2023	685,061	227,402	274,220	33,127	31	4,868	8,869	962	1,234,542

11.2.4 The carrying amount of Group's revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset		2024 Cost Rs.'000	2024 Accumulated Depreciation Rs.'000	2024 Net Book Value Rs.'000	2023 Cost Rs.'000	2023 Accumulated Depreciation Rs.'000	2023 Net Book Value Rs.'000
Land		454,360	-	454,360	445,830	-	445,830
Add:	Addition during the year	4,409	-	4,409	8,530	-	8,530
Less:	Disposal during the year	-	-	-	-	-	-
		458,769	-	458,769	454,360	-	454,360
Buildings - Cost		26,736	-	26,736	26,736	-	26,736
Add:	Addition during the year	-	-	-	-	-	-
	Depreciation during the year	-	-	-	-	-	-
Less:	Cost of Building disposed	-	-	-	-	-	-
		26,736	-	26,736	26,736	-	26,736
Building - Accumulated Depreciation, Opening		-	(7,737)	(7,737)	-	(6,919)	(6,919)
Depreciation for the year		-	(775)	(775)	-	(818)	(818)
Depreciation on Disposal Assets		-	-	-	-	-	-
Building - Accumulated Depreciation, Closing		-	(8,512)	(8,512)	-	(7,737)	(7,737)
		26,736	(8,512)	18,224	26,736	(7,737)	18,999
Total		485,504	(8,512)	476,992	481,096	(7,737)	473,359

11.2.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.217Mn (2023- Rs.177Mn). Cash Payments amounting to Rs.217Mn (2023 - Rs.177 Mn) were made during the year for purchase of Property, Plant & Equipment.

11.3 Property, Plant & Equipment includes fully depreciated assets having gross carrying value of Rs.125 Mn (2023- Rs.102Mn .)

11.4 Details of Property, Plant & Equipment Stated at Valuation are indicated below

Revaluation of Land & Buildings

The Group uses the revaluation model of measurement for land and buildings. The Group engaged independent expert values, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The details of properties stated at valuation are given below.

The Group has not engaged an independent valuer to determine the fair value of its land & buildings For the year ended 31st March 2024.

Property	Extents					
Eastern Merchants PLC	**Buildings in Sq.Ft**	**Land in Acres**	**Method of Valuation**	**Effective date of Valuation**	**Value**	**Name of the Chartered Valuation Surveyor**
Land					**Rs. '000**	
No. 240, Torrington Avenue, Colombo 7		A.0 - R.0- P.17.69	Open Market Value	31st March 2024	203,420	Dr. Gaminda Haegoda
					203,420	
Buildings						
No. 240, Torrington Avenue, Colombo 7 - One Building	6,400		Open Market Value	31st March 2024	58,880	Dr. Gaminda Haegoda
					58,880	

11.4 Details of Property, Plant & Equipment stated at valuation are indicated below:

Microcells (Pvt) Ltd.						
Land & Buildings						
Corpus residential Property with Building and one Building Block Situated at Swarnananda Housing Scheme. Mampe, Piliyandala - Six Buildings		A.0 - R.0- P.35	Open Market Value	31st March 2024	47,604	Dr. Gaminda Haegoda
	7,553	-	Open Market Value	31st March 2024	16,256	Dr. Gaminda Haegoda
Corpus residential Property with Assessment No. 135 Koskanatta Road Mampe, Piliyandala - Nine Buildings		A.1 - R.3- P.35.66	Open Market Value	31st March 2024	282,150	Dr. Gaminda Haegoda
	55,121	-	Open Market Value	31st March 2024	155,767	Dr. Gaminda Haegoda
Koskanatta Road, Mampe, Piliyandala - Land Only		A.0 - R.2 - P.12.97	Open Market Value	31st March 2024	37,148	Dr. Gaminda Haegoda
Thudugala, Dodangoda		A.33 - R.3 - P.33	Open Market Value	31st March 2024	349,812	Dr. Gaminda Haegoda

Valuation Methodology - Previous Year

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities.

11.5 Right - of -Use Assets	**COMPANY**		**GROUP**	
As at 31st March	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
At Cost				
At the beginning of the year	6,200	6,200	6,200	6,200
Additions	-	-	-	-
At the end of the year	6,200	6,200	6,200	6,200
Accumulated Depreciation				
At the beginning of the year	3,068	2,293	3,068	2,293
Depreciation for the Year	775	775	775	775
At the end of the year	3,843	3,068	3,843	3,068
Carrying Value	2,357	3,132	2,357	3,132

12 INTANGIBLE ASSETS	**COMPANY**		**GROUP**	
As at 31st March	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Computer Software				
At Cost				
At the beginning of the year	-	-	17,804	10,228
Additions	-	-	-	7,577
Disposal	-	-	-	-
At the end of the year	-	-	17,804	17,804
Accumulated Amortisation & Impairment				
At the beginning of the year	-	-	9,396	7,294
Amortisation	-	-	1,878	2,102
Impairment	-	-	-	-
At the end of the year	-	-	11,274	9,396
Carrying Value	-	-	6,530	8,409

13 INVESTMENT IN SUBSIDIARIES

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Investments in Subsidiaries	13.1	731,933	728,349
		731,933	728,349

13.1 Investments in Subsidiaries

As at 31st March	COMPANY				
	No. of Shares		Book Value		
	2024	2023	2024		2023
			Rs.'000	Rs.'000	Rs.'000
Unquoted - Consolidated					
Eamel Exports (Pvt) Ltd	33,500	26,125	-	5,076	1,492
Spice Lane (Pvt) Ltd	7,000,000	7,000,000	-	70,000	70,000
Eastern Merchants Commodities (Pte) Ltd	100	100	-	1,117	1,117
Microcells (Pvt) Ltd	552,325	552,325	-	655,740	655,740
				731,933	728,349

14 NON-CURRENT FINANCIAL ASSETS

As at 31st March	2024 Rs.'000	2023 Rs.'000
Fixed Deposit	28,000	270,000
Deposit with non Bank Institutions	411,245	53,000
	439,245	323,000

As at 31st March	GROUP			
	No. of Shares		Fair Value	
	2024	2023	2024	2023
			Rs.'000	Rs.'000
Quoted Securities - Shares				
Eastern Merchants PLC	4,420,000	5,668,714	31,434	41,087
			31,434	41,087
Total Non Current Financial Assets			470,679	364,087

Notes to the Financial Statements

15 INVENTORIES

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 wRs.'000	GROUP 2023 Rs.'000
Finished Goods		52,922	158,894	121,280	212,702
Raw Material		-	-	121,720	121,095
Work in Progress		-	-	1,810	391
Consumable Item		35	35	69,944	56,515
Fuel		474	2,166	474	2,166
Packing Materials		10,611	31,591	13,141	34,035
		64,042	192,686	328,369	426,905

16 TRADE & OTHER RECEIVABLES

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Trade Receivables	107,059	65,079	386,049	210,718
Other Receivables	3,566	4,659	5,153	7,137
	110,625	69,738	391,202	217,855

17 OTHER CURRENT ASSETS

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Pre-payments & Non Cash Receivables		9,056	88	51,135	77,540
VAT Receivable		13,431	12,926	26,717	24,301
Income Tax Refunds	17.1	11,337	11,017	13,070	11,345
		33,824	24,031	90,922	113,186

17.1 INCOME TAX REFUNDS

	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Balance at the beginning of the year	11,017	15,265	11,345	15,589
Transferred from Tax Provisions	320	-	320	-
Income Tax Paid	-	-	1,405	4
	11,337	15,265	13,070	15,593
ESC Set-off against Income Tax / Written off	-	(4,248)	-	(4,248)
Balance at the end of the year	11,337	11,017	13,070	11,345

18 AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Eastern Merchants Commodities (Pte) Limited	53,125	34,525	-	-
	53,125	34,525	-	-

19 CASH IN HAND & AT BANK

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Cash at Bank	27,476	35,224	109,773	205,956
Cash in hand	581	576	878	873
	28,057	35,800	110,650	206,829

20 STATED CAPITAL

As at 31st March Value of Shares	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Fully Paid Ordinary Shares	16,778	16,778	16,628	16,576

As at 31st March Number of Shares	COMPANY 2024 '000	COMPANY 2023 '000	GROUP 2024 '000	GROUP 2023 '000
Fully Paid Ordinary Shares	117,446	117,446	113,226	111,777
	117,446	117,446	113,226	111,777

Notes to the Financial Statements

20.1 A subsidiary company, Eamel Exports (Pvt) Ltd. continues to hold shares in the holding company. Company as per the provisions of Section 72 of the Companies Act No 7 of 2007. As at 31/03/2021,Eamel Exports (Pvt) Ltd holds 3.7 % of its holding company shares, Eastern Merchants PLC in line with above provisions. There are no other subsidiary companies within the group which holds shares of Eastern Merchants PLC.

The effect of cross holding to the Group stated capital is given below.

	No. of Shares Rs.'000	Value Rs.'000
Stated Capital of the Company	117,446	16,778
Shares Acquired by a Subsidiary before 21st May 1982	(7,000)	(250)
	110,446	16,528
Shares Disposed as at 31/03/2016	1,172	42
Balance as at 31st March 2016	111,618	16,570
Shares Disposed during the year - 2016/2017	159	6
Balance as at 31st March 2023	111,777	16,576
Shares Disposed during the year - 2023/2024	1,449	52
Balance as at 31st March 2024	113,226	16,628

21 REVENUE RESERVES

	COMPANY		GROUP	
As at 31st March	**2024 Rs.'000**	**2023 Rs.'000**	**2024 Rs.'000**	**2023 Rs.'000**
Retained Earnings				
Balance - As per Equity Statement	1,452,077	1,426,970	1,894,090	1,876,983
Total Revenue Reserves	1,452,077	1,426,970	1,894,090	1,876,983

22 OTHER COMPONENTS OF EQUITY

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Capital Reserves				
Revaluation Reserve	95,384	65,873	329,954	94,741
Foreign Currency Translation Reserve	-	-	20,120	21,970
Fair Value Reserve of Financial Assets at FVOCI	-	-	(4,661)	1,841
Total Capital Reserve	95,384	65,873	345,412	118,553

Revaluation Reserve consists of the net surplus on the revaluation of freehold lands & buildings.

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations into Sri Lankan rupees.

Fair Value Reserve of Financial Assets at FVOCI includes changes of fair value of financial instruments designated as non financial assets.

23 DEFERRED TAX (LIABILITY) /ASSETS

As at 31st March	Notes	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Balance at the beginning of the year		11,774	(383)	129,526	109,995
Charge/(Reversal) for the year					
Profit or Loss		(16,319)	12,400	(14,828)	20,438
OCI		13,782	(243)	112,953	(905)
Balance at the end of the year		9,236	11,774	227,651	129,528

Notes to the Financial Statements

As at 31st March		COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
23.1 Net Deferred Tax Assets					
Deferred Tax Assets	23.2	(36,627)	(10,710)	(39,226)	(13,309)
Deferred Tax Liabilities	23.2	45,863	22,484	74,490	142,837
		9,236	11,774	35,264	129,528

23.2 Recognised Deferred Tax Assets & Liabilities

Deferred Tax Assets & Liabilities are attributable to the following :

	COMPANY			
	ASSETS		LIABILITIES	
As at 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Property, Plant & Equipment	-	-	34,286	19,102
Employee Benefits	4,980	1,707	-	-
Investment Property	-	-	11,576	3,382
Adjusted Tax Loss	31,647	9,003	-	-
Net Tax (Assets)/ Liabilities	36,627	10,710	45,863	22,484

	GROUP			
	ASSETS		LIABILITIES	
As at 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Property, Plant & Equipment	-	-	86,066	139,455
Employee Benefits	6,474	3,201	-	-
Investment Property	-	-	(11,576)	3,382
Adjusted Tax Loss	32,752	10,108	-	-
Net Tax (Assets)/ Liabilities	39,226	13,309	74,490	142,837

24 INTEREST BEARING BORROWINGS

24.1 Company

As at 31st March		Notes	2024 Amount Re-payable within 1 year Rs.'000	2024 Amount Re-payable after 1 year Rs.'000	2024 Total Rs.'000	2023 Amount Re-payable within 1 year Rs.'000	2023 Amount Re-payable after 1 year Rs.'000	2023 Total Rs.'000
24.1.1	Bank Loans	24.1.1.1	66,938	-	66,938	78,952	18,894	97,846
			66,938	-	66,938	78,952	18,894	97,846
24.1.3	Bank Overdrafts		74,816	-	74,816	38,042	-	38,042
			74,816	-	74,816	38,042	-	38,042
			141,753	-	141,753	116,993	18,894	135,888

24.1.1.1 Bank Loans

	As at 01/04/2022 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2023 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2024 Rs.'000
Bank Loans	81,226	341,474	(324,854)	97,846	314,700	(345,608)	66,938
	81,226	341,474	(324,854)	97,846	314,700	(345,608)	66,938

24.2 Group

As at 31st March	Notes	2024 Amount Re-payable within 1 year Rs.'000	2024 Amount Re-payable after 1 year Rs.'000	2024 Total Rs.'000	2023 Amount Re-payable within 1 year Rs.'000	2023 Amount Re-payable after 1 year Rs.'000	2023 Total Rs.'000
24.2.1 Bank Loans	24.2.1.1	296,798	42,500	339,298	176,152	91,394	267,547
		296,798	42,500	339,298	176,152	91,395	267,547
24.2.2 Bank Overdrafts		132,997	-	132,997	48,776	-	48,776
		132,997	-	132,997	48,776	-	48,776
		429,794	42,500	472,294	224,928	91,395	316,323

24.2.1.1 Bank Loans

	As at 01/04/2022 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2023 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2024 Rs.'000
Bank Loans	681,613	751,348	(1,165,414)	267,547	447,359	(375,608)	339,298
	681,613	751,348	(1,165,414)	267,547	447,359	(375,608)	339,298

25 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Balance at the Beginning of the year	12,195	11,185	17,175	17,980
Current Service Cost	760	684	3,482	2,262
Interest for the year	2,256	1,834	3,178	2,860
Actuarial Loss/(Gains)	1,389	(1,508)	443	(4,089)
Payments made during the year	-	-	871	(1,838)
Balance at the end of the year	16,600	12,195	25,149	17,175

25.1 Defined Benefit Plan - Gratuity

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The principal assumptions used in determining the cost of employee benefits were:

	COMPANY		GROUP	
As at 31st March	**2024**	**2023**	**2024**	**2023**
Discount Rate	15.5%	18.5%	15.5%	18.5%
Future Salary Increases	8%	9%	9%	9%
Retirement Age	60 Years	60 Years	60 Years	60 Years

The Gratuity Liability is not externally funded.

	COMPANY		GROUP	
As at 31st March	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
25.2 Net Benefit Expenses Categorised under Personnel Expenses				
Interest Cost	(2,256)	(1,834)	3,178	2,860
Current Service Cost	1,389	(1,508)	3,482	2,262

25.3 Sensitivity of Assumptions used

A one percentage change in the assumptions would have the following effects

	COMPANY		GROUP	
As at 31st March	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Discount Rate				
1% Increase	(662)	(529)	(921)	(708)
1% Decrease	726	579	1,023	876
Salary Increment rate:				
1% Increase	699	568	964	833
1% Decrease	(643)	(524)	(943)	(824)

26 TRADE & OTHER PAYABLES

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Trade Creditors including Accrued Expenses	4,350	3,908	119,128	37,561
	4,350	3,908	119,128	37,561

27 AMOUNTS DUE TO RELATED PARTIES

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Spice Lane (Pvt) Ltd	-	621	-	-
Eamel Export (Pvt) Ltd	28,462	-	-	-
	28,462	621	-	-

28 OTHER CURRENT LIABILITIES

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Other Non Financial Liabilities	9,982	4,681	10,765	6,122
	9,982	4,681	10,765	6,122

29 DISCONTINUED OPERATION

Considering the nature of business behaviour of the previous years, the Board of Directors have decided to categorise Asia Brush (Pvt) Ltd., and Asian Woodware Company (Pvt) Limited under Discontinued Operation.

The results of aforesaid operations for the year are presented below:

Major classes of assets and liabilities of discontinued operations.

	Asia Brush (Pvt) Ltd		Asian Woodware Company (Pvt) Ltd		Adjustments		Group	
As at 31st March	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Assets								
Amount due from Related Parties	-	-	-	-	-	-	-	-
Non-Current Assets held for Sale								
Receivable for Motor Vehicle	-	-	-	-	-	-	-	-
Cash in hand & At Bank	-	233	-	-	-	-	-	233
Assets Classified as held for Sale	-	233	-	-	-	-	-	233
Liabilities								
Interest Bearing Borrowing	-	-	-	38	-	-	-	38
Directors' Current Accounts	-	-	-	-	-	-	-	-
Amounts due to Related Parties	-	-	-	-	-	-	-	-
Trade Payables	-	20	-	15	-	-	-	35
Income Tax Payables	-	17	-	274	-	-	-	291
Liability Directly Associated with Assets Classified as held for Sale	-	37	-	327	-	-	-	364
Net Assets of Each Company and Total	-	196	-	(327)	-	-	-	(131)
Adjustments with other Companies in the Group							-	-
Impairment Provision for Investment in Subsidiary Company							-	-
Net Assets Directly Associated with Disposal Group							-	(131)
29.3 Cash Flows Generated from/ (used in) Discontinued Operations								
Net Cash Generated from/(used in) Operating Activities	-	(8,418)	-	(31)	-	-	-	(8,448)
Net Cash from Investing Activities	-	-	-	-	-	-	-	-
Net Cash used for Financing Activities	-	-	-	-	-	-	-	-
Net Cash Inflow/ (Outflow)	-	(8,418)	-	(31)	-	-	-	(8,448)

30 INCOME TAX PAYABLE

As at 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000
Balance at the Beginning of the year	9,394	9,864	20,887	11,177
Provision for the year	-	9,554	3,396	28,959
Tax Paid during the year	(9,714)	(10,024)	(22,790)	(19,247)
Capital Gain Tax	-	-	-	-
Transferred to Overpayment	320	-	320	-
	-	9,394	1,813	20,888

31 FINANCIAL INSTRUMENTS

Financial Assets & Liabilities are split into categories in accordance with SLFRS 9 as follows.

As at 31 St March	Notes	COMPANY 2024 Rs.000	COMPANY 2023 Rs.000	GROUP 2024 Rs.000	GROUP 2023 Rs.000
31.1 Financial Assets by Categories					
31.1.1 Financial Instruments in Non-Current Assets					
Non Current Financial Assets	14	439,245	323,000	470,679	364,087
		439,245	323,000	470,679	364,087
31.1.2 Financial Instruments in Current Assets					
Trade & Other Receivables	16	110,625	69,738	391,202	217,855
Amounts due from Related Parties	18	53,125	34,525	-	-
Cash in hand & At Bank	19	28,057	35,800	110,650	206,829
		191,807	140,063	501,852	424,686
Total Financial Assets		631,052	463,063	972,531	788,773

32.2 Financial Liabilities by Categories

As at 31 St March	Notes	COMPANY 2024 Rs.000	COMPANY 2023 Rs.000	GROUP 2024 Rs.000	GROUP 2023 Rs.000
32.2.1 Financial Instruments in Non-Current Liabilities					
Interest Bearing Borrowings	24	-	18,894	42,500	91,395
		-	18,894	42,500	91,395
32.2.2 Financial Instruments in Current Liabilities					
Trade & Other Payables	26	4,350	3,908	119,128	37,561
Amounts due to Related Parties	27	28,462	621	-	-
Current Portion of Interest Bearing Borrowings	24	66,938	78,952	296,798	176,152
Bank Overdrafts	24.1.2	74,816	38,042	132,997	48,776
Total Financial Instruments in Current Liabilities		174,568	121,523	548,923	262,490
Total Financial Liabilities		174,567	140,417	591,423	353,885

32 FAIR VALUE MEASUREMENT

Fair value related disclosures for financial instruments and non- financial assets that are measured at fair value or where fair values are only, disclosed are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

Property, Plant & Equipment under revaluation model - Note 11

Financial Instruments (including those carried at amortised cost)

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets of discontinued operations.

External values are involved for valuation of significant assets, such as land and building and investment properties. Selection criteria for external values include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external values, which valuation techniques and inputs to use for individual assets. For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

32.1 Fair Value Measurement Hierarchy - Group

The Group held the following Financial Instruments carried at Fair Value in the Statement of Financial Position

Financial Assets	**Level 1**		**Level 2**		**Level 3**		**Total**	
As at 31st March	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	Rs.000	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**
Non-Current Financial Assets	470,679	364,087	-	-	-	-	470,679	364,087
Non Financial Assets								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	1,288,856	912,463	1,288,856	912,463

Fair Value Measurement Hierarchy - Company

Financial Assets	**Level 1**		**Level 2**		**Level 3**		**Total**	
As at 31st March	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	Rs.000	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**	**Rs.000**
Non Current Financial Assets	439,245	323,000	-	-	-	-	439,245	323,000
Non-Financial Assets								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	291,499	250,520	291,499	250,520
Buildings on Leasehold Land	-	-	-	-	-	-	-	-

Reconciliation of fair value measurements of level 1 Financial Instruments

The Group and Company carries equity shares as non-current financial assets classified as Level 1 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarized below:

Quoted Securities - Group	**2024**	**2023**
	Rs.000	**Rs.000**
Balance at the beginning of the year	364,087	532,312
Sales	-	-
Addition during the year	-	500,000
Total gains and losses recognised in OCI	106,592	(668,225)
	470,679	364,087

33 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS

33.1 The Directors of the Company and related Companies are given below.

Name of the Directors	**Eastern Merchants PLC**	**Eamel Exports Ltd**	**Spice Lane (Pvt) Ltd**	**Eastern Merchants Commodities (Pte) Ltd**	**Microcells (Pvt) Ltd**
Mr. J.B.L. De Silva	Y	Y	Y	Y	Y
Mr. H.J. De Silva	Y	Y	Y	Y	Y
Mr. C.S.L. De Silva	Y	Y	Y	Y	Y
Mr. S. Jayakody	Y	Y	Y	Y	Y
Mr. R. Pradeep	Y	-	-	-	-
Mrs. N. Nanayakkara	Y	-	-	-	-
Mr. F. Mushin	Y	-	-	-	-
Mrs. G.R.J. De Silva	-	-	-	-	Y

33.2 Details of Significant Related Party Transactions are disclosed as follows;

For the year ended 31st March	2024 Rs.'000	2023 Rs.'000
33.2.1 Transactions with Subsidiaries		
A Eamel Exports (Pvt) Ltd		
Current Account Balance - Payables		
Balance at the beginning of the year	-	14,624
Fund Transfers	-	-
Acquisition of Share by Eastern Merchants PLC	-	-
Settlement	28,462	(14,624)
Balance at the end of the year	28,462	-
B Eastern Merchants Commodities (Pte) Ltd		
Current Account Balance - Payables		
Balance at the beginning of the year	(34,525)	(5,128)
Fund Transfers	-	-
Exchange Gain	-	-
Reimbursements	(18,600)	(29,397)
Balance at the end of the year	(53,125)	(34,525)

For the year ended 31st March	2024 Rs.'000	2023 Rs.'000
33 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS (CONTD)		
C Spice Lane (Pvt) Ltd		
Current Account Balance - Payable		
Balance at the beginning of the year	621	75,924
Loan Granted/ (Settled) to Eastern Merchants PLC	(621)	(75,303)
Interest	-	-
Payments by Spice Lane (Private) Limited on behalf of the Company	-	-
Balance at the end of the year	-	621
D Microcells (Pvt) Ltd		
Current Account Balance -Trade Receivable		
Balance at the beginning of the year	-	(29,176)
Add: Raw Materials Sales	86,425	145,896
Fund Transfers	-	(116,720)
Interest Charged	-	-
Less: Settlement	(86,425)	-
Balance at the end of the year	-	-

33.2.2 Transactions with related parties are carried out in the ordinary course of the business except for following transactions.

33.2.3 Outstanding a due from related parties and due to related parties are disclosed in Notes No 18 and 27.

33.2.4 Transactions with Key Managerial Persons.

Key Management Persons (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Such KMPs includes the Board of Directors of the Company and of its subsidiary and other personnel who involve in above activities. Transactions with close family members of the KMPs, if any, have also been taken into consideration in the following disclosure.

a) Compensation of Key Management Persons of the Company.

The following is the compensation of Directors and Key Management

	COMPANY		GROUP	
For the year ended 31st March	**2024**	**2023**	**2024**	**2023**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Short Term Employee Benefits				
Directors Remuneration	12,100	9,017	31,398	22,333

34 ASSETS PLEDGED

The following Assets have been pledged as Security for Liabilities.

34.1 Eastern Merchants PLC - Parent Company

The following Assets have been pledged as Security for Liabilities.

Name of Institution Granting Facility	Nature of Assets	Nature of Liability	Amount of Facility Rs.'000	Amount as at 31/03/2024 Pledged Rs.'000	Included in
NDB	Primary Mortgage of Stocks and Book Debts.	O/D & Cash Line Facility.	40,000	171,100	Inventory & Trade Receivable
NDB	Solar Power System	Term Loan	10,171	7,563	Property, Plant & Equipment
HNB	Primary Mortgage of 240, Torrington Avenue, Colombo 07.	O/D & Cash Line Facility.	115,000	229,970	Property, Plant & Equipment

Microcells (Pvt) Limited - Subsidiary Company

Lending Institution	Nature of Facility and Security	Amount (Rs)
NDB	Packing Credit Loan	180,000,000
	Letters of Guarantee	5,000,000
	Acceptances	30,000,000
	Overdraft	30,000,000
	Term Loan 1	3,600,000
	Forward Exchange Contracts	30,000,000

1 Primary Mortgage Bond No. 335 dated 20/02/2020 attested by Sanushi S. Hemantha (NP.) over land & building situated at Koskanatte Road, Mampe, Piliyandala owned by Microcells (Private) Limited (PV 6820) for SLRs. 180,000,000/=

2 Deed of Renunciation No. 336 dated 20/02/2020 attested by Sanushi S. Hemantha (NP.)

3 Further Mortgage Bond No. 374 dated 15/07/2020 attested by Sanushi S. Hemantha (NP) over land &12.3 building situated at Koskanatte Road, Mampe, Piliyandala owned by Microcells (Private) Limited (PV 6820) for SLRs 18,000,000/=

4 Deed of Renunciation No. 375 dated 15/07/2020 attested by Sanushi S. Hemantha (NP.)

HNB	Packing Credit Loan	100,000,000
	Over draft Facility	10,000,000
	Term Loan	150,000,000

1 Existing Registered Primary Concurrent Mortgage Bond for USD. 300,000/-over the Stocks in Trade and Receivables lying at Koskanatta Road, Mampe, Piliyandala & No 75/1, Thudella Pamunugama Road, Thudella, Ja-Ela.

2 Retention of Existing Registered Primary Floating Mortgage Bond for Rs.150.0 Mn over the immovable property situated at Thudugala, Dodangoda (Extent 33A-3R-33.00P) depicted as Lot A in Survey Plan No. 8375 dated 28.04.2021 made by PWSC Withana (LS) and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications or alterations thereto) with all fixtures, fittings, services and such other rights attached or appertaining thereto (the "Mortgaged Property").

Microcells (Pvt) Limited

Name of Institution Granting Facility	Nature of Assets	Nature of Liability	Amount of Facility Rs.'000	at 31/03/2024 Pledged Rs.'000
NDB	Land & Building Situated at Koskanatte Road, Mampe, Piliyandala	Packing Credit Loan	-	940,903
HNB	Land & Building Situated at Koskanatte Road, Mampe, Piliyandala	Working Capital Loan	-	940,903

35 CONTINGENT LIABILITIES

The Group does not have significant commitment and contingencies as of the reporting date, that require adjustment to or disclosure in the Financial Statements.

36 EVENTS OCCURING AFTER THE REPORTING DATE

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

37 SEGMENT INFORMATION

Information based on the Primary Segments (Business Segment)

	Export of Traditional & Non Traditional Products		Other		Consolidation Adjustment		Group Total	
As at 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Total Sales	2,763,854	2,854,401	8,705	3,118	(86,425)	(145,895)	2,686,134	2,711,623
Other Income	14,492	106,404	-	127	7,496	-	21,989	106,532
Segment Revenue	2,778,347	2,960,804	8,705	3,245	(78,928)	(145,895)	2,708,123	2,818,155
Segment Results	(44,375)	116,250	3,087	(1,773)	7,495	(448)	(33,792)	114,029
Finance Expenses							(58,555)	(49,975)
Finance Income							101,046	67,393
Profit before Taxation							8,699	131,447
Income Tax							11,508	(56,366)
Profit for the year							20,206	75,081
Other Comprehensive Income							429,801	(14,204)
Total Comprehensive Income							450,007	60,876
Attributable To								
Equity Holders of the Company							449,143	48,222
Minority Interest							865	12,654
Profit for the year							450,007	60,876
Assets								
Segment Assets	3,517,252	3,000,461	41,682	33,178	(893,522)	(843,943)	2,665,413	2,189,696
Other Investments	439,245	323,000	31,382	41,087	52	-	470,679	364,087
Total Assets	3,956,498	3,323,461	73,064	74,265	(893,470)	(843,943)	3,136,092	2,553,783
Liabilities								
Other Segment Liabilities	211,002	77,221	2,292	1,462	(81,587)	(35,145)	131,707	43,538
Interest Bearing Borrowings	472,294	316,322	-	-	-	-	472,294	316,322
Deferred Tax Liabilities	227,061	129,526	590	2	-	-	227,651	129,528
Retirement Benefit Obligations	25,149	17,176	-	-	-	-	25,149	17,176
Total Liabilities	935,506	540,247	2,882	1,464	(81,587)	(35,145)	856,801	506,564

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has loans , trade and other receivables, and cash and short-term deposits that arise directly from its operations. Group's principle financial liabilities, comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the group operations. The Group is exposed to market risk, Credit Risk and Liquidity risk.

38.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (Primarily from foreign exchange transaction) and from its financing activities, including deposits with banks and other financial instruments.

38.2 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprise of the following types of risk:

a) Interest Rate Risk
b) Currency Risk
c) Equity Price Risk

a) Interest Rate Risk

The Group monitors interest rate risks by actively monitoring the yield curve trends and interest rate movements.

The Group has Cash and Bank balances including deposits placed with Government and credit worthy Banks.

b) Currency Risk

The Group is primarily exposed to fluctuations in the value of US Dollar and Singapore Dollar (SGD) against the Sri Lanka Rupee, the Group's functional currency is Sri Lanka Rupees (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes. Changes in foreign currency exchange rates may affect the Company's cost of purchases and services obtained from foreign currencies. In particular, depreciation of the Sri Lanka Rupee against US$ can impact the group operating results through it's impact on costs.

c) Equity Price Risk

The group's listed and unlisted securities are subjected to market price risks arising from uncertainties about future values of the investment securities.

38.3 Risk Management

The Group maintains its Capital structure and makes adjustments to it in the light of a change in economic conditions. To manage or adjust the capital structure, the Group may issue new Shares for rights issue or buy back of Shares.

The primary object of the Group's capital management is to ensure it maintains a strong financial position, a healthy capital ratio in order to support its business and maximize shareholders value.

38.4 Risk Exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows maximum risk positions.

	2024						
	Trade & Other Receivables	**Short Team Investments**	**Cash at Bank**	**Amounts due from Related Parties**	**Long Term Investment**	**Total**	**Percentage of Allocation**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	
Risk Exposure - Group							
Trade & Other Receivables	391,202	-	-	-	-	391,202	40.26%
Long Term Investment	-	-	-	-	470,679	470,679	48.44%
Cash at Bank	-	-	109,773	-	-	109,773	11.30%
Total Credit Risk Exposure	391,202	-	109,773	-	470,679	971,654	100%
Risk Exposure - Company							
Trade & Other Receivables	110,625	-	-	-	-	110,625	57.85%
Amounts due from Related Parties	-	-	-	53,125	-	53,125	27.78%
Cash at Bank	-	-	27,476	-	-	27,476	14.37%
Total Credit Risk Exposure	110,625	-	27,476	53,125	-	191,226	100%

	2023						
	Trade and Other & Receivables	**Short Team Investments**	**Cash at Bank**	**Amounts due from Related Parties**	**Long Term Investment**	**Total**	**Percentage of Allocation**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	
Risk Exposure - Group							
Trade & Other Receivables	217,855	-	-		-	217,855	27.7%
Long Term Investment	-	-	-		364,087	364,087	46.21%
Cash at Bank	-	-	205,956		-	205,956	26.1%
Total Credit Risk Exposure	217,855	-	205,956	-	364,087	787,898	100%
Risk Exposure - Company							
Trade & Other Receivables	69,738	-	-	-	-	69,738	50.0%
Amounts due from Related Parties	-	-	-	34,525	-	34,525	24.8%
Cash at Bank	-		35,224	-	-	35,224	25.3%
Total Credit Risk Exposure	69,738	-	35,224	34,525	-	139,487	100%

38.5 Liquidity Risk

The Group's policy is to hold cash and undrawn facilities to ensure that the Group has available funds to meet its short and medium term capital and funding obligations with a view of managing its liquidity risk.

	COMPANY		GROUP	
As at 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
NET DEBT/ (CASH)				
Cash in hand & At Bank	28,057	35,800	110,649	206,828
Adjustments to Liquid Assets	-	-	-	-
Total Liquid Assets	28,057	35,800	110,649	206,828
Interest Bearing Loans & Borrowings	66,938	78,952	296,798	176,152
Bank Overdrafts	74,816	38,042	132,997	48,776
Total Liabilities	141,754	116,994	429,794	224,928
Net Debt/ (Cash)	(113,697)	(81,194)	(319,145)	(18,100)

38.6 Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31st March 2024 based on contractual undiscounted (Principal Plus Interest) Payments.

	COMPANY		GROUP	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
All Borrowings are Payable Within One Year				
Interest Bearing Loans & Borrowings	66,938	78,952	296,798	176,152
Trade & Other Payables	4,350	3,908	119,128	37,561
Amounts due to Related Parties	28,462	621	-	-
Bank Overdrafts	74,816	38,042	132,997	48,776
	174,566	121,523	548,924	262,491

39 SHARE INFORMATION

39.1 Top twenty shareholders as at 31st March 2024

Name of Shareholder	No. of Shares	%
J.B.L. De Silva	32,382,280	27.57
H.J. De Silva	15,881,140	13.52
Mrs. C.I. Tilakaratna	15,396,309	12.81
C.S.L. De Silva	14,581,140	12.42
N.S. Karunaratne	12,629,120	10.75
Eamel Exports (Pvt) Ltd.	4,420,000	4.83
J.B.L. De Silva/ K.G.A. De Rajapakse/N. Senanayake	1,400,000	1.19
S.D. De A. Rajapakse	980,000	0.83
DFCC Bank PLC - G.A.C. De Silva	950,000	0.83
Dr. S.N. Rodrigo	861,000	0.83
S.A. De A. Rajapakse	664,699	0.83
A.S.A. Fernando	600,000	0.82
S.P. De A. Rajapakse	588,000	0.75
H.M. Udeshi	466,880	0.73
Dr. (Mrs.) C. A. Suranimala	350,000	0.60
N.H.K. Chandika Kumara	347,350	0.60
G. Dangampola	325,000	0.51
M.M. Mohideen	317,675	0.40
U.W.R.M. Weerakoon	285,571	0.30
S. Paramanathan	282,536	0.26
	103,708,700	

39.2 Public Share Holdings

Percentage of share held by the public and the number of public shareholders is as given below.

	31/03/2024	31/03/2023
Ordinary Shares	49,358,773	49,358,773
Public Shareholding	42.03%	42.03%
Public Shareholders	1,852	1,852
Float Adjusted Market Capitalisation	345,538	444,263

The Company complies with option 05 of the Listing Rules 7.14.1 (a) – zero float adjusted market capitalisation which requires 20% minimum public holding.

39.3 Shareholder Analysis as at 31st March 2024

No. of Shares Held	No. of Shareholders	No. of Shares	%
1-1,000	935	269,674	0.23
1,001-10,000	583	2,582,977	2.20
10,001-100,000	239	7,019,344	5.98
100,001-1,000,000	35	10,884,016	9.27
Over 1,000,000	7	96,689,989	82.33
	1,799	117,446,000	100.00

39.4 Net Assets Per Share	31/03/2024	31/03/2023
	19.21	17.13

39.5 Directors' Shareholdings as at 31st March 2024

	As at 31/03/2024		As at 31/03/2023	
Name of the Director	**Shares**	**%**	**Shares**	**%**
J.B.L. De Silva	32,382,280	27.57	32,382,280	27.57
H.J. De Silva	15,881,140	13.52	15,881,140	13.52
C.S.L. De Silva	14,581,140	12.42	14,581,140	12.42
S. Jayakody	6,000	0.01	6,000	0.01

39.6 Share Trading Information

	2024 Rs.	2023 Rs.
Highest	7.80	15.40
Lowest	6.00	4.50
Last Traded	7.10	9.40

40 CSE CONTINUED LISTING RULES

Compliance with the continuing listing requirements - section 7.6 and section 7.10 on corporate governance rules for listed companies issued by the Colombo Stock Exchange.

Rule	Requirements	Reference	Compliance
7.6.(i)	Names of persons who during the Financial Year were directors of the entity	Refer Corporate Information of this Annual Report	Complied
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Refer Group Directorate of this Annual Report	Complied
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares dominated in LKR or any other class of shares dominated in Foreign Currency and the percentage of such shares held.	Refer Shareholder Information of this Annual Report	Complied
7.6.(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Refer Shareholder Information of this Annual Report	Complied
7.6.(v)	A statement of each director's holding and Chief Executive Officer's holding in shares of the entity dominated in LKR and in Foreign Currency (as applicable)	Refer Shareholder Information of this Annual Report	Complied
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Refer Risk Management Report of this Annual Report (Note 40)	Complied
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Not Relevant	N/A

Rule	Requirements	Reference	Compliance
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Refer Notes 12 and 13 of the Financial Statements of this Annual Report	Complied
7.6.(ix)	Number of shares representing the Entity's stated capital.	Refer Note Number 23 of this Annual Report	Complied
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Not Relevant	N/A
7.6.(xi)	Ratios and market price information	Refer Shareholder Information of this Annual Report	Complied
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land.	Refer Notes 12 and 13 of the Financial Statements of this Annual Report	Complied
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue and private placement.	The Company had no public issues, rights issues or private placement during the year	N/A
7.6.(xiv)	Employee share option/purchase schemes (if any)	As at date, the Company has no share option or purchase schemes made available to its Directors or employees	N/A
7.6.(xv)	Corporate Governance Disclosures in terms of Rules 7.10.3, 7.10.5.c and 7.10.6. c. of Section 7 of the Rules	Refer Corporate Governance Report of this Annual Report	Complied
7.6.(xvi)	Related Party Transactions in terms of Rule 9	Refer Note 42 of the Financial Statements of this Annual Report	Complied
7.10.	Compliance with Corporate Governance Rules	Refer Corporate Governance Report of this Annual Report	Complied
7.10.1(a)	Non-Executive Directors (NED) • At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors	Refer Corporate Governance Report of this Annual Report	Complied
7.10.2(a)	Independent Directors • Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Refer Corporate Governance Report of this Annual Report	Complied
7.10.2(b)	Independence of Directors • Each Non-Executive Director should submit a declaration of Independence/ Non-Independence	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(a)	Disclosure relating to Directors • The names of Independent Directors should be disclosed in the Annual Report	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(b)	Independence of Directors • The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(c)	Disclosure relating to Directors • A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Refer Board profiles of this Annual Report.	Complied
7.10.3(d)	Appointment of new Directors • Provide a brief resume of any new Director appointed to the Board	Upon appointment of a new Director to the Board, the Company makes an announcement to the Colombo Stock Exchange with a brief resume of such Director containing the nature of his expertise, relevant interest, other directorships held, membership in Board Committees and the nature of appointment There were no new appointments to the Board during the year under review.	Complied

Rule	Requirements	Reference	Compliance
7.10.5	Remuneration Committee • A listed company shall have a Remuneration Committee	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(a)	Composition of Remuneration Committee • Shall comprise of Non-Executive Directors, a majority of whom shall be Independent	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(b)	Functions of Remuneration Committee • The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration • The Annual Report should set out; a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non-Executive Directors	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.6	Audit Committee • A listed company shall have an Audit Committee	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(a)	Composition of Audit Committee • Shall comprise of Non-Executive Directors, a majority of whom are Independent • Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings • The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(b)	Audit Committee Functions Should be as outlined in the Section 7.10 of the Listing Rules	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee a) Names of the Directors comprising the Audit Committee b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Refer Audit Committee Report of this Annual Report	Complied
9.3.2	Related Party Transactions Review Committee (a) Details pertaining to Non-Recurrent Related Party Transactions (b) Details pertaining to Recurrent Related Party Transactions (c) Report of the Related Party Transactions Review Committee (d) Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Refer Related Party Transactions Review Committee Report of this Annual Report	Complied

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 78th Annual General Meeting of Eastern Merchants PLC will be held on Friday the 27th of September 2024, as a virtual meeting (on a virtual platform) which will be coordinated from the Board Room of Eastern Merchants PLC at 240 Torrington Avenue, Colombo 7, commencing at 2.30 p.m. for the following purposes.
A G E N D A

1. To read the notice convening the meeting.

2. To confirm the minutes of the 77th Annual General Meeting held on 27th September 2023.

3. To receive, consider and adopt the Report of the Directors and the Statement of Accounts and Statement of Financial Position of the Company for the year ended 31st March 2024.

4. To resolve that Mrs. N. Nanayakkara and Mr. S. Jayakody who retire in terms of Article Nos. 83 and 84 of the Articles of Association of the Company be re-elected as Directors of the Company.

5. To resolve that the age limit referred to in Sec. 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J. B. L. de Silva, who reached 70 years of age on 12th July 2016.

6. To re-appoint Messers. D. H. P. Munaweera & Co. as Auditors of the Company and authorize the Directors to determine their remuneration.

7. To transact any other business of which due notice has been given.

By order of the Board

S. Jayakody
(B.Com.Spl., F.C.A., FCMA)
Director – Finance / Company Secretary
14th August 2024

Notice of Meeting

Notes:

1.The Annual Report of the Company for FY 2023/24 is available on the corporate website https://easternmerchants.net/news-info/ and on the Colombo Stock Exchange website: www.cse.lk

2. The 78th Annual General Meeting of Eastern Merchants PLC will be a virtual meeting held by participants joining in person or proxy, through audio- or audio-visual means in the manner specified below with all details and forms shared in the Circular to shareholders:

a) Attendance of the Board of Directors

Certain members of the Board of Directors, the Company Secretaries and the External Auditors will be present at the Eastern Merchants Office, No. 240, Torrington Avenue, Colombo 7 at 11.30 a.m. on Wednesday, 27th September 2023.

b) Shareholder participation

i. The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
ii. The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
iii. The shareholders who wish to participate in the meeting will be able to attend the meeting through audio or audio -visual means only. To facilitate this process, the shareholders are required to furnish their details by perfecting "Form for registration for the virtual Annual General Meeting" which is available in the company website https://easternmerchants.net/news-info/ and forward same to reach Company Secretaries via e-mail to srinathj@easternmerchants.net or fax to +94 11 2448474/ +94 11 2303204, or by post to the registered address of the Company 240, Torrington Avenue, Colombo 7 not less than five (05) days before to the date of the meeting so that the meeting login information could be forwarded to the e-mail addresses so provided.
iv. To facilitate the appointment of proxies, the Form of Proxy is attached hereto and is also available in the company website https://easternmerchants.net/news-info/. The duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to srinathj@easternmerchants.net or fax to +94 11 2448474/ +94 11 2303204, or by post to the registered address of the Company No. 240, Torrington Avenue, Colombo 7, not less than forty-eight (48) hours before the time fixed for the meeting.

c) Shareholders' queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to srinathj@easternmerchants.net or fax to +94 11 2448474/ +94 11 2303204, or by post to the registered address of the Company No. 240, Torrington Avenue, Colombo 7, not less than five (5) days before the date of the meeting. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

The Board wishes to thank the Shareholders of the Company for their unwavering co-operation.

Form of Proxy

I/We, ... of .... being a shareholder/shareholders' of Eastern Merchants PLC hereby appoint:

J. B. L. de Silva of Colombo 03,	Whom failing
H. J. de Silva of Colombo 03,	Whom failing
C. S. L. de Silva of Colombo 03,	Whom failing
S. Jayakody of Kelaniya,	Whom failing
R. Pradeep of Colombo 06,	Whom failing
F. Munshin of Nawala,	Whom failing
N. Nanayakkara of Rajagiriya	Whom Failing

....of................................... as my /our proxy to represent me/us and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th of September, 2024 at 2.30 p.m. virtually, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/we the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

Resolution	**For**	**Against**
1. To receive, consider and adopt the Report of the Directors and the Statement of Accounts and Statement of Financial Position of the Company for the year ended 31st March 2024.	☐	☐
2. To reappoint Mrs. N. Nanayakkara and Mr. S. Jayakody who retire as Directors of the Company.	☐	☐
3. To reappoint Mr. J. B. L. de Silva, who is over 70 years of age.	☐	☐
4. To re-appoint Messers. D. H. P. Munaweera & Co. as Auditors of the Company and authorize the Directors to determine their remuneration.	☐	☐

As witness my/our hand (s) this .... day of .... 2024.

....

Signature of the Shareholder

Note:

a) Please delete the inappropriate words

b) Instructions for the completion of the Form of the Proxy are noted on the next page.

Form of Proxy

Instructions for the completion of the Form of Proxy

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address and by signing in the space provided and filling the date of signature.
2. The completed Form of Proxy should be deposited at the Head Office of the Company at 240 Torrington Avenue, Colombo 7, not less than 48 hours before the meeting commences.
3. If the Form of Proxy has been signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. In the case of a corporate member, the form of Proxy should be executed under its Common Seal in accordance with its Article of Association or Constitution.
5. If there is any doubt as to how the vote is to be exercised, by reason of the way the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

Corporate Information

Company Name
Eastern Merchants PLC

Company Number
PQ 153

Registered Office
240, Torrington Avenue, Colombo 07.

Stores Complex
131 Bim Pandura, Pamunugama.

Factory
Koskanatte Road, Mampe, Piliyandala.

Legal Form
A quoted public company with limited liability incorporated in Sri Lanka and listed with the Colombo Stock Exchange.

Principal Activities
Export of traditional and non-traditional commodities.

Subsidiaries
Eamel Exports (Pvt) Ltd.
Eastern Merchants Commodities Pte. Ltd.
Microcells (Pvt) Ltd.
Spice Lane (Pvt) Ltd.

Chairman
J.B. L. de Silva

Deputy Chairman
H. J. de Silva

Managing Director
C. S. L. de Silva

Board of Directors
S. Jayakody
R. Pradeep
F. Mushin
N. Nanayakkara

Secretary
S. Jayakody

Auditors
Messrs. D.H.P. Munaweera and Co.

Bankers
Hatton National Bank PLC
National Development Bank
Bank of Ceylon
Standard Chartered Bank
Nations Trust Bank PLC
Cargills Banks Ltd.
DFCC Bank PLC

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www.optimadesigns.lk

Since 1945

Eastern Merchants PLC,
No. 240, Torrington Avenue, Colombo 7, Sri Lanka.
Phone: +94 11 232 8406, 232 8408, 232 5736, 243 5503
Fax: +94 11 244 8474, 230 3204
Email: trading@easternmerchants.net
Web: www.easternmerchants.net