



Eastern Merchants PLC
Annual Report 2024/25

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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

	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Parameters					
Sales (Rs. Mn.)	2,031	3,427	2,711	2,686	2,799
Gross Profit (Rs. Mn.)	315	516	536	336	308
Net Profit Before Taxation (Rs. Mn.)	49	688	131	8	(149)
Net Profit After Taxation (Rs. Mn.)	9	660	75	20	(114)
Total Comprehensive Income After Taxation (Rs. Mn.)	8	735	61	450	(134)
Shareholder Funds (Rs. Mn.)	811	2,005	2,047	2,279	2,149
Earnings per Share (Rs.)	0.07	5.62	0.64	0.17	(0.97)
Dividend per Share (Rs. cents)	-	-	-	-	-
P/E Ratio	84.29	1.01	14.61	41.76	(7.22)
Net Assets per Share (Rs.)	15.43	16.88	17.13	19.21	18.10
Current Ratio	1.14	1.72	3.33	1.64	2.93
Share Price					
Highest Recorded (Rs.)	6.20	10.10	15.40	7.80	9.60
Lowest Recorded (Rs.)	2.90	4.50	4.50	6.00	6.20
Value as at Year End (Rs.)	5.90	5.70	9.40	7.10	7.00

Chairman's Message

The year under review has been one of reflection, resilience, and recalibration for Eastern Merchants PLC. While the numbers tell one part of the story, the broader narrative is about how we, as a Board and as an organisation, are positioning ourselves for the future in a world that is changing faster than ever before. The financial year ended 31 March 2025 was one of the most testing periods in recent memory for us. While our Group achieved a modest 4.2% growth in consolidated revenue over the last 12 months, the year was overshadowed by a combination of global and domestic challenges that placed significant pressure on our margins and overall profitability.

The global trading environment remained volatile. Commodity price fluctuations, persistent supply chain disruptions, and elevated freight costs continued to affect our cost base. In several of our key export markets, demand patterns shifted unpredictably, influenced by inflationary pressures, geopolitical risks and currency volatility. These external factors were compounded by rising distribution expenses, which increased by 58% at Group level, reflecting both higher logistics costs and our deliberate investments in expanding market reach.

However, the year's financial outcome was disappointing. The Group recorded a net loss of Rs. 114.27 million, compared to a profit of Rs. 20.21 million in the previous year. This reversal was driven by margin compression, higher operating costs, and a sharp decline in finance income.

The global trading landscape is undergoing a structural shift. Supply chains are being redefined, consumer preferences are evolving towards greater sustainability, and technology is reshaping how businesses operate. For a company with our heritage, these changes present both challenges and opportunities. Our role at Board level has been to ensure that Eastern Merchants remains agile, relevant, and competitive — not just for the next quarter, but for the next decade. Our long-term vision remains unchanged: to be a trusted, agile, and value-driven trading and export partner, delivering sustainable returns to our shareholders, while upholding the highest standards of governance and ethical conduct. We recognise that the road ahead will require discipline, innovation, and resilience. The lessons of this year have reinforced the importance of adaptability — a quality that has defined Eastern Merchants for decades.

Our relationships with suppliers, customers, employees, and the communities in which we operate are the foundation of our resilience. The Board has encouraged management to invest in these relationships, recognising that trust and reliability are competitive advantages in our industry.

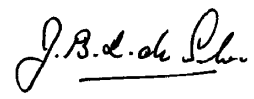
Sustainability remains a central pillar of our strategy. We are committed to responsible sourcing, ethical trading practices, and reducing our environmental footprint. This is not only aligned with our values but also increasingly demanded by our global partners and end consumers.

The Board has endorsed initiatives to improve traceability in our supply chains and to explore opportunities in product categories that meet higher environmental and social standards.

Across the group priorities remain revenue growth and cost control, with a clear shift toward high-margin, premium products. Several initiatives are in motion to broaden our B2C offerings to diversify beyond our B2B base, expand into previously untapped markets and increase the speed at which we get our products to customers.

The current environment is challenging, but it is also rich with opportunity for those who can adapt with purpose and discipline. The Board is confident that with our strategic direction, strong governance, and the dedication of our people, we will emerge stronger and more competitive.

On behalf of the Board, I thank our shareholders for their trust, our employees for their commitment, and our partners for their collaboration. Together, we will continue to build a company that honours its heritage while embracing the future.



Mr. J.B.L. de Silva
Chairman

14th August 2025

Managing Directors' Review

The year under review was one of contrasts for Eastern Merchants PLC ("EM")— a period in which we achieved revenue growth but faced significant profitability pressures. Group revenue rose to Rs. 2.80 billion, up from Rs. 2.69 billion in the previous year, driven by volume increases and price adjustments in certain export categories. At the Company level, revenue remained broadly flat at Rs. 1.17 billion, but gross profit improved by 71% to Rs. 76.20 million, reflecting better procurement terms and targeted pricing strategies.

However, these gains were offset by several adverse factors. Distribution expenses increased sharply by 17.5% at Company level and 58% at Group level, due to higher freight rates, and increased promotional activities for business development purposes. Administrative expenses were contained, declining marginally, but the benefit was insufficient to counter the impact of rising logistics costs and reduced "Other operating income". A key challenge during the year was the steep decline in finance income, which fell from Rs. 101.05 million to Rs. 31.61 million at Group level. This was due to lower interest yields and reduced surplus funds available for investment, as working capital requirements increased. At the same time, finance costs rose to Rs. 64.63 million, reflecting both higher borrowing levels and increased working capital requirements.

As a result, the Group recorded a loss before tax of Rs. 149.63 million, compared to a profit before tax of Rs. 8.70 million in FY2023/24. The net loss after tax was Rs. 114.27 million, with the loss attributable to equity holders of the parent amounting to Rs. 115.31 million. This loss was largely attributable to

the poor performance of our subsidiary Microcells (Pvt) Ltd. ("MCL"), which suffered from declining revenue due to policy uncertainty in the North American market, and the appreciation of the Sri Lankan rupee.

In response, we have taken a series of strategic and operational measures to restore profitability and strengthen our resilience:

- ◆ **Cost Optimisation:** We have launched a Group-wide review of discretionary expenditure, renegotiated supplier contracts, and implemented tighter controls on logistics and distribution costs.
- ◆ **Market Diversification:** We are actively pursuing new geographies and higher-margin product categories, reducing dependency on a limited set of markets and commodities.
- ◆ **Supply Chain Efficiency:** Investments in technology and process improvements are enabling better inventory turnover, reduced lead times, and improved working capital management.
- ◆ **Strategic Partnerships:** We are exploring collaborations with both local and international partners, particular to enhance market access and grow our revenue.

Assurances and Compliance

At all companies in the EM Group, 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.

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, as well as performance 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.

Outlook

Looking ahead, our priorities for FY2025/26 are clear: recover margins through disciplined cost management, expand into more markets, and strengthen our balance sheet. We will also continue to invest in our people, recognizing that their expertise, commitment, and adaptability are central to our success.

At EM, apart from looking for avenues to grow our natural rubber trading business, we are looking at strengthening our supply chain for the fresh produce business, by exploring opportunities to cultivate our crops in greenhouses. With global food demand projected to double by 2050, greenhouse agriculture offers lucrative opportunities. It allows for precise control over the growing environment

and protects crops from pests and diseases. It also represents a shift towards a more productive, sustainable and resilient food supply.

Revenue generation and cost management will be the top priorities at MCL. We will also be focusing on shifting toward high-margin, premium products, and moving away from low-end segments dominated by cheaper suppliers. Beyond our traditional B2B focus, new product development will also target select B2C offerings to diversify revenue. In parallel, we will be pursuing growth opportunities in underpenetrated regions such as Central/South America and East Asia.

While the year's results are not what we had aimed for, they have reinforced the importance of agility and strategic foresight. Eastern Merchants PLC has navigated challenging cycles before, and I am confident that with the measures we have put in place, we will return to a path of sustainable growth and profitability.

Conclusion

I extend my gratitude to our employees for their dedication, to our customers and suppliers for their trust, and to our shareholders for their continued support. Together, we will build a stronger, more resilient Eastern Merchants PLC.



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

14h August 2025

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 2025.

External Environment and Market Outlook

The global economic environment in 2024–2025 continued to present a challenging backdrop for Eastern Merchants PLC (“EM”). While the world economy showed signs of stabilisation after the turbulence of recent years, growth remained uneven across regions. Geopolitical tensions, particularly the ongoing conflicts in Ukraine and Gaza, continued to disrupt global trade flows, while shipping route instability in the Red Sea added to freight costs and delivery times. Commodity prices remained volatile, influenced by fluctuating exchange rates, inflationary pressures, and shifts in demand in key markets such as the US and Europe.

For Sri Lanka, the year was one of cautious recovery. Following the severe economic crisis of 2022, macroeconomic indicators showed gradual improvement, with inflation moderating and foreign reserves stabilising. However, currency fluctuations, and structural reforms under the IMF programme continued to weigh on domestic demand and business sentiment. Energy costs remained elevated due to the country’s reliance on imported fuel, impacting manufacturing competitiveness.

These external factors also affected our overseas operations, particularly Eastern Merchants Commodities Pte. Ltd. (“EMC”) in Singapore, which imports rubber and related products into Sri Lanka. Higher raw material costs, increased freight

rates, and exchange rate volatility complicated pricing strategies and financial planning. Our manufacturing subsidiary, Microcells (Pvt) Ltd. (“MCL”), faced additional cost pressures from energy prices and global shipping disruptions, and policy uncertainty in the US market in the latter part of the year.

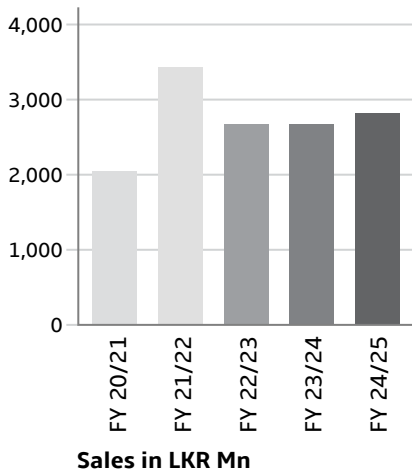
Looking ahead, the IMF projects global growth to remain steady at around 3.3% in 2025/26, with inflation expected to ease further as the effects of tighter monetary policy and stabilising commodity prices take hold. While the risk of a global recession has receded, the trading environment remains complex, shaped by shifting supply chains, evolving trade policies, and ongoing geopolitical tensions. Commodity markets, particularly natural rubber, are likely to remain volatile, influenced by weather patterns, demand cycles in the automotive and industrial sectors, and currency movements in key producing countries.

From a Sri Lankan perspective, the economy is showing signs of sustained recovery, supported by moderating inflation, a stronger external position, and improved investor confidence following progress on debt restructuring. The continued focus on fiscal discipline, structural reforms, and export-led growth is expected to create a more stable operating environment. However, interest rates remain relatively high compared to other Asian economies, leading to higher finance costs. Domestic demand recovery is uneven, requiring businesses to remain disciplined in cost management and working capital efficiency.

While these macroeconomic factors are beyond our direct control, EM will continue to focus on the levers within our influence — driving operational efficiency, diversifying our market base, strengthening supply chain resilience, and maintaining prudent financial management. This disciplined approach will enable us to navigate uncertainty, while positioning the Group to capture opportunities in high-growth markets and deliver sustainable value to our stakeholders.

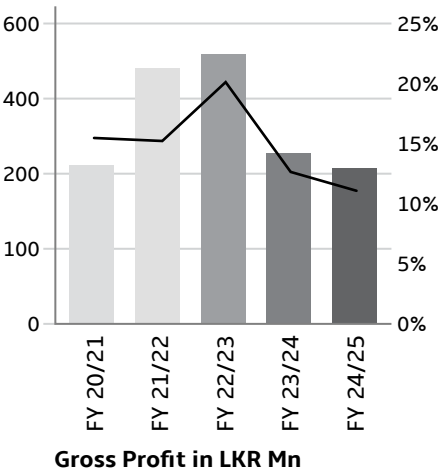
Sales

Group revenue grew by 4.2% to Rs. 2.80 billion (2024: Rs. 2.69 billion), supported by selective volume increases and price adjustments in certain export categories. Company revenue remained broadly flat at Rs. 1.17 billion (2024: Rs. 1.16 billion).



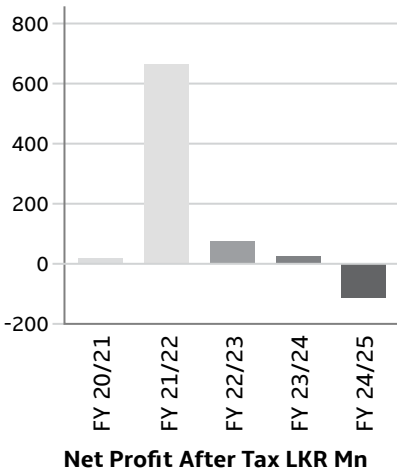
Gross Profit

Group gross profit declined by 8.4% to Rs. 308.15 million, with margins narrowing from 12.5% to 11.0% due to higher input and logistics costs. In contrast, Company gross profit improved by 70.8% to Rs. 76.20 million, reflecting better procurement terms and targeted pricing strategies.



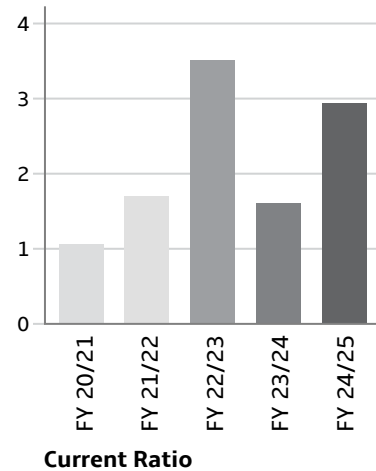
Net Profit

The Group recorded a net loss of Rs. 114.27 million (2024: Rs. 20.21 million profit), driven by margin compression, higher distribution costs, and a sharp drop in finance income from Rs. 101.05 million to Rs. 31.61 million. Company results also swung to a net loss of Rs. 6.26 million (2024: Rs. 25.87 million profit).



Current Ratio

Liquidity improved significantly, with the Group's current ratio rising to 2.93x (2024: 1.64x) and the Company's to 4.66x (2024: 1.57x), supported by higher cash balances and reduced current liabilities.



Operational Overview

Commodity Trading

Sri Lanka's natural rubber plantations continued to face an uncertain future during the year under review, directly impacting our export volumes for natural rubber — the primary commodity traded by EM. Local rubber production declined further, reflecting the combined effects of Pestalotiopsis leaf disease, adverse weather patterns, ageing plantations, and persistently low replanting rates. These structural challenges have been building over several years, and the industry's yields remain well below global benchmarks.

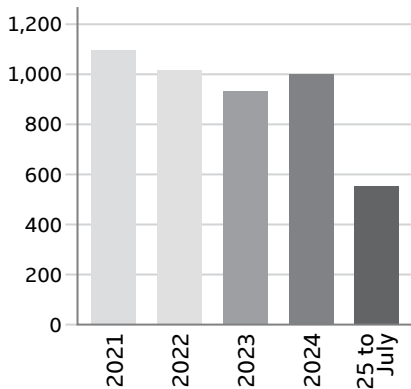
Recognising this downward trend early, EM has strategically diversified its sourcing network to reduce reliance on domestic supply. Today, we have established a robust and reliable supply chain spanning 10 rubber-producing countries, enabling us to maintain continuity of supply and meet customer requirements even during local production shortfalls. This diversification has also allowed us to offer a broader range of grades and specifications, enhancing our competitiveness in key markets.

A core focus of our trading operations is sustainability and traceability.

The Forest Stewardship Council (FSC) certification we obtained last year has strengthened our position as a trusted supplier of responsibly sourced rubber. Demand for FSC-certified crepe rubber remained steady during the year, particularly from environmentally conscious buyers, although higher prices and softer consumption in some markets slowed transaction volumes in the latter part of the year. We remain committed to expanding our certified product portfolio and are actively preparing for compliance with the European Union Deforestation Regulation (EUDR), which will require all rubber destined for Europe to be sourced from geo-located plantations that do not contribute to deforestation or forest degradation.

Rubber Products Manufacturing

The rubber products manufacturing industry remains a vital contributor to Sri Lanka's export earnings, industrial output, and employment. However, the year under review proved to be one of the most challenging periods for Microcells (Pvt) Ltd. (MCL), our fully owned manufacturing subsidiary. MCL specialises in premium-quality technical rubber sheeting and flooring products, serving over 85 customers in 20 countries.



Export Performance of Sri Lanka's Rubber and Rubber based products sector (Source: EDB)

Management Discussion and Analysis

During the year, MCL faced a perfect storm of cost and market pressures. Raw material and energy costs escalated sharply, while the appreciation of the Sri Lankan rupee during the year compressed revenue. The sales volumes reduced further due to broader decline in US order volumes which was influenced by persistent policy uncertainty under the Trump presidency, leading to buyer hesitation and reduced inventory stocking as customer adopted a “wait and see” strategy. Global shipping disruptions further compounded these challenges. The escalation of the conflict in Gaza and attacks on vessels in the Red Sea, a critical maritime route for shipments from Sri Lanka to Europe and North America, led to higher freight rates and longer transit times. Many shipping lines rerouted vessels around the Cape of Good Hope, increasing both costs and delivery times. In some cases, customer placed orders with our competitors located in other countries which do not have to deal with the difficulties of shipping via the red sea.

Despite these headwinds, MCL managed to expand its portfolio to include higher-margin niche products in the rubber sheeting and mat range, targeting specialised applications where quality and performance outweigh price sensitivity. Operational efficiency initiatives, including process optimisation and energy-saving measures, were also implemented to mitigate cost pressures.

Fresh Produce Exports

Our fresh produce division continued to make inroads into export markets, building on our reputation for quality and reliability. However, global container shortages for refrigerated units, and vessel availability issues disrupted shipment schedules and constrained volumes during peak harvest periods.

Having started exporting primarily king coconut and tapioca, we have now expanded our offer to include many other fresh produce items, including pineapple, mango, passionfruit and papaya. We remain committed to expanding this segment, with a focus on moving further down the value chain to become a more integrated supplier.

Compliance and Sustainability

At EM, our commitment to sustainability is embedded into every aspect of our operations. We actively partner with suppliers who share our dedication to responsible practices. Building on our FSC Chain of Custody certification, we are preparing to supply EUDR-compliant rubber to our European customers.

In our fresh produce division, we prioritise both quality and sustainability by sourcing directly from grassroots farmers through regional pack houses. This approach not only supports rural livelihoods but also allows us to minimise plastic usage, and foster a culture of environmental stewardship within our communities.

Our manufacturing subsidiary, Microcells (Pvt) Ltd. (MCL), has consistently upheld the highest standards of quality and reliability. Already ISO 9001:2015 certified, MCL achieved two significant milestones in 2024, namely the ISO 14001:2015 Environmental Management System certification and ISO 14064-1:2018 accreditation for greenhouse gas emissions tracking and reporting. The installation of a 650kW solar power system further underscores our commitment to renewable energy and carbon footprint reduction.

Over half of MCL’s raw materials are sourced from recycled and/or sustainable inputs, reducing pollution and conserving resources.

We prioritise local sourcing to minimise transportation emissions and avoid hazardous substances in our manufacturing processes. Our dedication to safety and sustainability is reinforced by compliance with REACH, RoHS, and California Proposition 65 standards, which strictly regulate the use of harmful chemicals. We are also transitioning many machines from electricity to steam and expanding solar capacity to further reduce emissions. These initiatives are designed to benefit not only our business, but also the broader community and environment.

People and Practices

Our people are the heart of EM. The expertise, skills, and dedication of our teams, which is over 200 individuals across EM and MCL, have been instrumental in navigating a challenging year. We are privileged to have a loyal workforce, with many long-serving employees whose knowledge is invaluable.

Succession planning remains a priority, with a balanced focus on external recruitment and internal talent development. We are committed to improving diversity within our industry and are proud that women represent 49% of our workforce. As an equal opportunity employer, we ensure fair access to opportunities regardless of social background, age, or gender. We strictly adhere to statutory provisions on working conditions and remuneration, supported by comprehensive policies covering recruitment, performance management, grievance handling and workplace conduct.

We invested in training and development, conducting over 80 hours of training through more than 25 sessions led by internal and external trainers. Workplace safety remained a

core focus, with risk audits conducted to reduce accidents and initiatives introduced to enhance employee wellbeing.

Future Prospects

Looking ahead, we expect the Sri Lankan economy to continue its gradual stabilisation through 2025 and into 2026, supported by the ongoing IMF programme, structural reforms, and improving investor sentiment. Inflation has moderated from the peaks of recent years, and foreign reserves have strengthened, creating a slightly more predictable operating environment. From a policy perspective, the focus on fiscal consolidation, debt restructuring, and export-led growth is expected to create opportunities for companies with strong international market linkages. For EM, this aligns well with our core strengths in commodity trading, manufacturing, and export diversification. Continued stability in the exchange rate will be critical for pricing competitiveness and long-term planning.

Globally, the trading environment remains complex. While supply chain disruptions have eased compared to the peak crisis years, geopolitical tensions in Eastern Europe and the Middle East, as well as climate-related disruptions in agricultural and plantation supply chains, continue to pose risks. Commodity price volatility, particularly in natural rubber, is likely to persist, influenced by weather patterns, demand cycles in the automotive and industrial sectors, and shifts in global manufacturing hubs. At the same time, new opportunities are emerging. India's rapid economic growth and expanding manufacturing base present a significant market for our rubber and value-added products, supported by geographic proximity and favourable trade agreements, particularly considering the US imposed tariffs.

EM will continue to focus on the levers within our influence — driving operational efficiency, diversifying our market base, strengthening supply chain resilience, and maintaining prudent financial management. This disciplined approach will enable us to navigate uncertainty while positioning the Group to capture opportunities in high-growth markets and deliver sustainable value to our stakeholders. Sustainability will remain a central driver of our strategy. Global buyers are increasingly demanding traceable, responsibly sourced products, and regulatory frameworks such as the European Union Deforestation Regulation (EUDR) will shape market access. EM is well positioned to meet these requirements, with our FSC certification, ongoing EUDR compliance preparations, and investments in sustainable manufacturing practices at MCL.

When it comes to EM' fresh produce exports, there is scope to broaden our supplier base, diversify our export basket, and explore upstream integration to address seasonality and quality consistency. We are also proactively looking at getting into intensive agriculture in the form of high-tech greenhouses. Greenhouse agriculture is promising because it increases food security through higher, year-round crop yields and better resource management. High-yielding fresh produce crops can be cultivated by extending growing seasons, reducing water use, and improving crop quality and safety. It mitigates risks from weather and pests, making farming more resilient and sustainable, particularly when weather conditions in Sri Lanka are becoming more and more erratic.

With regards to the prospects with MCL, we are relieved that the 44% US Tariff levied on Sri Lankan exports in April

2025 was recently reduced to 20%. This puts us on par with most of our global competitors, but this unfortunately isn't the case for competing Mexican products. The US-Mexico-Canada Agreement (USMCA) grants duty-free access for most rubber products, significantly reducing the landed cost for Mexican imports into the US. The proximity of Mexico to the US also means that Mexican exports to American customers get there faster and at a cheaper freight cost compared to our Sri Lankan exports.

To mitigate this impact on MCL, especially with regards to longer delivery times, the Management is specifically looking at stocking MCL products in the US. This will allow us to service our customers much better, and also approach smaller customers who we are not currently servicing, because they do not buy large consignments and are not familiar with the rather complicated process of importing products into the US market. MCL is also developing high-margin and premium products, and moving away from lower-end segments which are dominated by cheaper, inferior quality suppliers. Whilst the focus in the past has been on the B2B segment, our new product development efforts are also focussing on a few B2C products to further diversify our revenue streams. Exploring new geographies with low market penetration such as Central/ South America and East Asia are also a priority.

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 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 20 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. He currently acts as the Secretary of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP).

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

Section D.1.3 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board should, before it approves the Financial Statements for a financial period, obtain a declaration, on the Financial Statements and the system of risk management and internal control from its Chief Executive Officer and Chief Financial Officer.

Accordingly, we confirm that the Financial Statements of Eastern Merchants PLC have been prepared and presented in compliance with the requirements of the Sri Lanka Accounting Standards (SLFRs/LKASs), issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance 2017 Issued by the Chartered Accountants of Sri Lanka.

We confirm that the accounting policies used in the consolidated Financial Statements are appropriate and consistently applied unless otherwise stated in the Notes accompanying the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Significant Accounting Policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee.

The Board of Directors accepts the responsibility and ensure that Financial Statements of the Company and its subsidiaries are prepared within the prescribed time period in

conformity with the Companies Act. Furthermore, the Board Directors accepts the responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. The Financial Statements were audited by Messers D.H.P. Munaweera & Co.

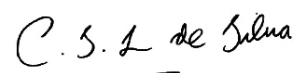
The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors perform their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence,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

The Board of Directors and the Management accepts the responsibility for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud, material misstatements and other irregularities.

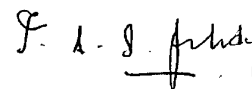
The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and government and other statutory bodies that were due in respect of the Company have been paid and are up to date. The Board of Directors declares no non-recurrent related party transactions that exceeded the respective thresholds mentioned in

the Listing Rules requiring disclosure in the Annual Report in accordance with Section 9.3.2 (d) of the Listing Rules of the Colombo Stock Exchange. We confirm that we have discharged our responsibilities in maintaining proper financial records and preparing Financial Statements in accordance with SLFRSs and LKASs. To the best of our knowledge, we also confirm that procedures for managing risks and internal control was operating effectively during the financial year.

By order of the Board



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



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

14th August 2025

Statement by the Senior Independent Director

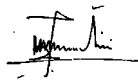
The 'Code of Best Practice on Corporate Governance 2023' (The Code) issued by The Institute of Chartered Accountants of Sri Lanka and CSE listing rule No.9.6.3 recommends that a Senior Independent Director (SID) should be appointed in the event that the same person holds the offices of Chairman and Chief 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 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.S.L. 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 PLC is committed to the principles of good governance. The Company follows a policy of strict compliance with mandatory requirements while voluntarily 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 2025

Audit Committee Report

I am pleased to present the Audit Committee report for the financial year ended 31st March 2025.

The Audit Committee appointed by the board of directors comprises of the three Independent Directors of the Company, Mrs. N. Nanayakkara (Chairperson), Mr. R. Pradeep (Member) and Mr. F. Mushin (Member). 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 2024/25 financial year, the Audit Committee met four times to evaluate the adequacy and effectiveness of the Company's internal control systems and reviewed all financial statements in compliance with the relevant statutory requirements to determine their accuracy.

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

The role of the Audit Committee is to oversee the financial reporting system of the Company, with a view to safeguarding the interests of the shareholders and all other stakeholders.

The objective and purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities, which include monitoring and reviewing

the integrity of financial statements, internal financial controls and the Company's financial reporting system, and verifying compliance with SLAS; ensuring the Group's internal control and risk management processes are adequate and meet SLAS requirements; determining the effectiveness, independence and objectivity of the external auditors; making recommendations to the Board in relation to the appointment/removal of the external auditors, as well as their remuneration; and ensuring that the Company is compliant with the laws and regulations relating to these areas of responsibility.

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 committee is satisfied that the Group's accounting policies and operational controls are effective and provide reasonable assurance that the Group's affairs are managed in accordance with its policies, and that the Group's assets are properly accounted for and adequately safeguarded.

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 2025, and that the re-appointment be included in the agenda of the Annual General Meeting.

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.



Mrs. N. Nanayakkara
Chairperson – Audit Committee

14th August 2025

Related Party Transactions Review Committee Report

I am pleased to present the Related Party Transactions Review Committee report for the financial year ended 31st March 2025.

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

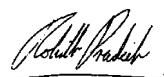
The duties of the Committee are as follows:

- ◆ 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 x to the effect that no related party transaction falling within 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 2025

Remuneration Committee Report

I am pleased to present the Remuneration Committee report for the financial year ended 31st March 2025.

The purpose of the Remuneration Committee is to assist and advise 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 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.

In compliance with the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Eastern Merchants PLC consists of two Independent Non-Executive Directors namely, Mr. F. Mushin (Chairman) and Mr. R. Pradeep (Member). The Committee is committed to the principles of accountability and transparency and ensuring that remuneration arrangements align rewards with performance.

The remuneration committee met thrice during the 2024/25 financial year.

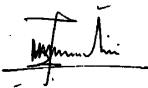
Independent Non-Executive Director	Attendance
Mr. F. Mushin (<i>Chairman</i>)	3/3
Mr. R. Pradeep	2/3

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.

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.

The Remuneration Committee recommended the payment of a bonus and annual increments to be paid to the non-executive staff based on the ratings of the performance management system, however bonuses and increments were not given to the executive staff due to the poor financial performance of the group. The Remuneration Committee also reviewed the remuneration packages of the top management of the Company and considered them to be suitable.



Mr. F. Mushin
Chairman – Remuneration Committee

14th August 2025

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 20 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.

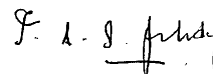
To ensure that the Financial Statements present a fair view of the financial position, performance and health of the Company/Group, accounting records which correctly record and explain the Company's transactions have been maintained in accordance with the Sri Lanka Accounting Standards. This requires 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 2025

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
Eastern Harvest (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) Eastern Harvest (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

- 20** - Independent Auditor's Report
- 24** - Statement of Profit or Loss
- 25** - Statement of Other Comprehensive Income
- 26** - Statement of Financial Position
- 28** - Statement of Changes in Equity - Company
- 29** - Statement of Changes in Equity - Group
- 30** - Cash Flow Statement
- 32** - Notes to the Financial Statements

Independent Auditor's Report



D.H.P. MUNAWEERA & CO.

Chartered Accountants.
Serving the Profession Since 1932

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Off Police Park Avenue,
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INDEPENDENT AUDITOR'S REPORT To the Shareholders of Eastern Merchants PLC

Opinion

We have audited the Financial Statements of Eastern Merchants PLC ("the Company") and the Consolidated Financial Statements of the Company and its Subsidiaries ("the Group"), which comprise the Statement of Financial Position as at 31st March 2025 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 material accounting Policy information.

In our opinion, the accompanying Financial Statements of the company and the group give a true and fair view of the financial position of the Company and the group as at 31st March 2025 and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. 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 Group 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 Property Plant and Equipment

As at the reporting date of 31st March 2025 Land & Buildings carried at fair value amounted to Rs.1288 Mn. The fair value of such properties was determined by the external valuers last year. 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 Note 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:

- ◆ 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.



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- ◆ 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 24, the Company's and the Group's Interest-Bearing Loans and Borrowings are as follows.

Company's total borrowings as at 31st March 2025 is Rs.123 Mn, which represents 79% of the total liabilities. Group's total borrowings is Rs.322 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 and 33 in the Financial Statements.

Other Information Included in the 2024/25 Annual Report

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.

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 Standards and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group'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

Independent Auditor's Report



D.H.P. MUNAWEERA & CO.

Chartered Accountants.

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

Those charged with governance are responsible for overseeing the Company's and the Group'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 judgment and maintain

professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of Accounting Policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ◆ Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



D.H.P. MUNAWEERA & CO.

Chartered Accountants.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all 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 3820

A handwritten signature in dark ink, appearing to read 'DHP Munaweera', is written over a horizontal line.

D.H.P. Munaweera & Company

Chartered Accountants

Colombo

14th August 2025

JP/cr

Statement of Profit or Loss

For the year ended 31st March	Notes	COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Continuing Operations					
Revenue	3	1,170,014	1,157,288	2,799,892	2,686,134
Cost of Sales		(1,093,813)	(1,112,659)	(2,491,742)	(2,349,921)
Gross Profit		76,201	44,628	308,150	336,213
Other Operating Income	4	613	3,290	833	21,989
		76,814	47,919	308,982	358,202
Administrative Expenses		(82,423)	(83,561)	(284,739)	(302,861)
Distribution Expenses		(36,259)	(30,863)	(140,848)	(89,132)
Profit / (Loss) from Operations		(41,868)	(66,506)	(116,606)	(33,792)
Finance Expenses	5	(11,838)	(16,839)	(64,634)	(58,555)
Finance Income	6	27,645	93,061	31,612	101,046
Profit/ (Loss) before Taxation	7	(26,062)	9,717	(149,628)	8,699
Taxation	8	19,807	16,152	35,353	11,508
Profit/ (Loss) for the year		(6,255)	25,869	(114,274)	20,207
Attributable to					
Equity Holders of the Parent				(115,309)	17,868
Non Controlling Interest				1,034	2,339
Profit/ (Loss) for the year				(114,274)	20,207
Earnings per Share - Basic - Rs.	9	(0.05)	0.22	(0.97)	0.17
Dividend per Share - Rs.	10	-	-	-	-

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 32 through 78 form an integral part of the Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit/(Loss) for the year	(6,255)	25,869	(114,274)	20,207
Other Comprehensive Income				
Other Comprehensive Income to be Re-classified to Income Statement in subsequent year				
Currency translation of Foreign Operations	-	-	4,515	(1,850)
Net Other Comprehensive Income to be re-classified to Income Statement in subsequent year	-	-	4,515	(1,850)
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	-	-	(442)	(9,706)
Revaluation Reserve / (Reversal) Relating to Revaluation of PPE	-	43,920	-	357,646
Re-measurement Gain / (Loss) on Defined Benefit Plans	(7,551)	(1,389)	(18,643)	(2,260)
Net Other Comprehensive Income not to be re-classified to Income Statement in subsequent year	(7,551)	42,531	(19,086)	345,680
Tax on Other Comprehensive Income				
Net Income Tax Charge / (Reversal) Relating to Revaluation of PPE	-	(14,409)	(5,344)	85,053
Net Income Tax Charge / (Reversal) Relating to Defined Benefit Plans	1,849	628	(1,218)	918
Other Comprehensive Income for the year, net of Tax	(5,703)	28,750	(21,132)	429,801
Total Comprehensive Income for the year, net of Tax	(11,957)	54,618	(135,406)	450,008
Attributable to				
Equity Holders of the Parent			(134,519)	449,143
Non Controlling Interest			(888)	865
Total Comprehensive Income for the year			(135,406)	450,008

Figures in brackets indicate deductions

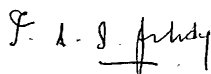
The Accounting Policies and Notes on pages 32 through 78 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31st March		COMPANY		GROUP	
		2025	2024	2025	2024
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
NON-CURRENT ASSETS					
Property, Plant & Equipment	11	307,391	311,415	1,734,638	1,735,380
Right-of Use Assets	11.5	-	2,357	-	2,357
Intangible Assets	12	-	-	6,668	6,530
Investments in Subsidiaries	13	780,901	731,933	-	-
Non Current Financial Assets	14		439,245	30,940	470,679
Deferred Tax Assets	23	12,420	-	-	-
		1,100,712	1,484,950	1,772,246	2,214,945
CURRENT ASSETS					
Inventories	15	102,758	64,042	397,701	328,369
Trade & Other Receivables	16	79,962	110,624	200,136	391,202
Other Current Assets	17	29,512	33,824	83,015	90,922
Amounts due from Related Parties	18	217,663	53,125	-	-
Cash in hand & At Bank	19	178,299	28,057	279,192	110,650
		608,194	289,672	960,044	921,143
TOTAL ASSETS		1,708,906	1,774,622	2,732,290	3,136,089
EQUITY & LIABILITIES					
CAPITAL & RESERVES					
Stated Capital	20	16,778	16,778	16,628	16,628
Revenue Reserves	21	1,440,120	1,452,077	1,759,500	1,894,090
Other Components of Equity	22	95,384	95,384	349,632	345,412
		1,552,282	1,564,239	2,125,760	2,256,131
Non Controlling Interest		-	-	24,048	23,160
Total Equity		1,552,282	1,564,239	2,149,808	2,279,291
NON-CURRENT LIABILITIES					
Deferred Tax Liability	23	-	9,236	176,963	227,651
Interest Bearing Borrowings	24	-	-	30,828	42,500
Retirement Benefit Obligations	25	25,997	16,600	47,448	25,147
		25,997	25,836	255,239	295,299

		COMPANY		GROUP	
As at 31st March		2025	2024	2025	2024
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
CURRENT LIABILITIES					
Trade & Other Payables	26	4,769	4,350	31,048	119,128
Amounts due to Related Parties	27	-	28,462	-	-
Other Current Liabilities	28	2,445	9,982	3,342	10,765
Income Tax Payable	29	-	-	816	1,813
Interest Bearing Borrowings	24	82,400	66,938	211,136	296,798
Bank Overdraft	24	41,014	74,816	80,901	132,997
		130,628	184,548	327,243	561,501
TOTAL EQUITY & LIABILITIES		1,708,906	1,774,623	2,732,290	3,136,091

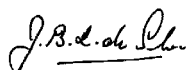
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



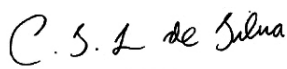
Srinath Jayakody
Director - Finance

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 2025

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 32 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 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	25,107	54,618
Reversal of Revaluation Reserve for Assets Disposed	-	-	-	-
Dividend Paid	-	-	-	-
Balance as at 31st March 2024	16,778	95,384	1,452,076	1,564,238
Net Profit/ (Loss) for the year	-	-	(6,255)	(6,255)
Comprehensive Income	-	-	(5,703)	(5,703)
Total Comprehensive Income	-	-	(11,956)	(11,956)
Dividend Paid	-	-	-	-
Balance as at 31st March 2025	16,778	95,384	1,440,120	1,552,282

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 32 through 78 form an integral part of the Financial Statements.

Statement of Changes in Equity - Group

	Attributable to Equity Holders of Parent						Non-Controlling Interest	Total Equity
	Stated Capital	Re-valuation Reserves	Fair Value Reserve of Financial Assets at FVOCI	Operation from Foreign Currency	Retained Earnings	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 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
Dividend Paid to Equity Holders of the Parent	-	-	-	-	-	-	-	-
Acquisition of Minority Interest	52	-	-	-	-	52	(11,080)	(11,028)
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
Profit/(Loss) for the year	-	-	-	-	(115,309)	(115,309)	1,034	(114,275)
Other Comprehensive Income	-	(296)	-	4,515	(19,281)	(15,062)	(146)	(15,209)
Revaluation Reserve on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	(296)	-	4,515	(134,590)	(130,371)	888	(129,484)
Acquisition of Minority Interest	-	-	-	-	-	-	-	-
Disposal FVOCI Investments	-	-	-	-	-	-	-	-
Dividend Paid to Equity Holders of the Parent	-	-	-	-	-	-	-	-
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-
Balance as at 31st March 2025	16,628	329,658	(4,661)	24,635	1,759,500	2,125,759	24,048	2,149,807

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. 22.1.

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 32 through 78 form an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31st March		COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Profit/(Loss) before Working Capital Changes	A	(30,405)	(55,225)	(51,061)	15,234
(Increase)/Decrease in Inventories		(38,716)	128,644	78,732	98,984
(Increase)/Decrease in Debtors & Other Receivables		30,660	(40,887)	42,003	(176,828)
Increase/(Decrease) in Amounts due from/due to Related Parties		(193,000)	9,241	64,971	-
(Increase)/Decrease in Other Current Assets		3,991	(9,472)	(7,273)	23,666
Increase/(Decrease) in Other Current Liabilities		(7,217)	5,301	(12,694)	21,281
Increase/(Decrease) in Trade & Other Payables		418	443	(95,005)	81,109
Cash Generated from Operations		(234,269)	38,046	19,673	63,446
Finance Costs Paid		(11,838)	(15,159)	(64,634)	(56,875)
Defined Benefit Plan Cost Paid		(1,711)	-	(2,120)	(13,885)
Income Tax Paid		-	(9,882)	(1,308)	(11,181)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(247,818)	13,005	(48,389)	(18,494)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		(2,299)	-	(55,025)	(217,550)
Acquisition of Intangible Assets		-	-	(1,804)	-
Proceeds from Sale of Property, Plant & Equipment		-	157	-	8,916
Settlement of Liabilities of Discontinued Operations		-	-	-	(131)
Investment in Non Financial Assets		439,245	(116,245)	439,699	(116,245)
Investment in Subsidiaries		(48,968)	(3,584)	(48,431)	(2,649)
Proceed from Share Disposal		-	-	-	-
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		387,979	(119,672)	334,439	(327,660)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Finance Income Excluding Dividend		27,645	93,061	27,645	93,061
Dividend Paid		-	-	-	-
Proceeds from Interest Bearing Borrowings		388,386	314,700	667,188	448,302
Repayment of Interest Bearing Borrowings		(372,149)	(345,608)	(760,244)	(375,608)
Net Cash flows from/(used in) Financing Activities		43,882	62,153	(65,412)	165,755
Net Increase/(Decrease) in Cash & Cash Equivalents		184,042	(44,514)	220,638	(180,400)
Cash & Cash Equivalent at the beginning of the year		(46,756)	(2,242)	(22,347)	158,053
Cash & Cash Equivalents at the end of the year		137,285	(46,756)	198,291	(22,347)
Cash & Cash Equivalents					
Cash in hand & At Bank		178,299	28,057	279,192	110,650
Bank Overdrafts		(41,014)	(74,816)	(80,901)	(132,997)
Cash and Cash Equivalents at the end of the year		137,285	(46,758)	198,291	(22,347)

For the year ended 31st March	Note	COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Note A - Operating Profit/ (Loss) before Working Capital Changes					
Profit/(Loss) before Tax		(26,062)	9,717	(149,628)	8,699
Adjustments for,					
Finance Income		(27,645)	(93,061)	(31,612)	(101,046)
Finance Costs		11,838	15,159	64,634	56,875
Depreciation		7,906	8,735	57,348	55,370
Amortisation		-	-	1,667	1,879
(Profit)/Loss on Sale of Property, Plant & Equipment		-	1,209	-	2,284
(Gain)/ Loss on Currency translation of foreign operations		-	-	-	(15,487)
Profit for Share Disposable		-	-	-	-
Provision for Gratuity		3,557	3,016	6,529	6,659
Operating Profit/ (Loss) before Working Capital Changes		(30,405)	(55,225)	(51,061)	15,234

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 32 through 78 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 11 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
Eastern Harvest (Pvt) Ltd.	Export of spice products
Eastern Merchants Commodities (Pte) Limited	Import/Export of traditional and non-traditional products
Microcells (Private) Limited	Export of rubber sheeting and flooring products

1.5 Number of Employees

The number of Employees at the end of the year was 198 (2024 - 230).

1.6 Approval of Financial Statements

The Financial Statements for year ended 31st March 2025 were authorized for issue by the Board of Directors on 14th August 2025.

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 2025, comprise "the Company" referring to Eastern Merchants 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 2025. 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.	53.38
Eastern Harvest (Pvt) Ltd. *	100.00
Eastern Merchants Commodities (Pte) Limited	100.00
Microcells (Private) Limited	100.00

*With effect from 17 March 2025, Spice Lane (Pvt) Limited changed its name to Eastern Harvest (Pvt) Ltd.

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.

Notes to the Financial Statements

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 Closing Rate		Statement of Profit or Loss Average Rate	
	2025	2024	2025	2024
Dollar (USD)	302.25	299.08	299.78	220.44

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 requires 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 respectively.

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 is current when it is:

- Expected to be realised or intended to be 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.

Notes to the Financial Statements

A liability is current when:

- It is expected to be settled in normal operating cycle
- 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 re measured 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 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 recognised. 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

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value of the retained investment and proceeds from disposal is recognised in the 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%

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 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

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 Statement of Profit or Loss. Right of use

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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.

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 the Statement of 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 realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 Material	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 amortized 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 recognition.
- 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
- 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.
- 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

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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

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 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

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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.

Furthermore 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.

Notes to the Financial Statements

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.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Financial Statements.

SLFRS S1 - General Requirements for Disclosures of Sustainability related Financial Information

SLFRS S2 - Climate-Related Disclosures
Lack of Exchangeability - (Amendments to LKAS 21)

3 REVENUE

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Export	1,170,014	1,157,288	2,784,646	2,674,302
Local Sales	-	-	5,985	3,127
Services	-	-	9,261	8,705
	1,170,014	1,157,288	2,799,892	2,686,134

4 OTHER OPERATING INCOME

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Rent	-	-	-	-
Profit on Sale of Property, Plant & Equipment	-	-	118	148
Exchange Gains	613	3,157	715	14,212
Subscription for Solar Power Supply to CED	-	133	-	133
Gain from Bargain Purchases	-	-	-	7,496
	613	3,290	833	21,989

5 FINANCE EXPENSES

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest on Borrowings & Charges	11,838	15,159	64,634	56,875
Finance Charges on Lease Liabilities	-	1,680	-	1,680
	11,838	16,839	64,634	58,555

Notes to the Financial Statements

6 FINANCE INCOME

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest Income	27,645	93,061	31,612	101,046
	27,645	93,061	31,612	101,046

7 PROFIT BEFORE TAX

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

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Directors' Emoluments	11,368	12,100	30,506	31,398
Costs of Defined Employee Benefits				
Defined Benefit Plan Cost - Gratuity	3,557	2,255	6,529	5,898
Defined Benefit Plan Cost - E.P.F. & E.T.F.	3,858	3,858	17,318	15,820
Staff Expenses	40,683	47,342	154,537	159,231
Depreciation of Property, Plant & Equipment	7,906	8,735	57,348	55,370
Amortisation	-	-	1,667	1,879
Auditors' Remuneration - Audit	985	955	2,642	2,483
Non-Audit	895	795	895	795
Charity & Donations	390	316	669	604

8 INCOME TAX EXPENSES

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
The Major Components of Income Tax Expenses are as follows:				
Current Income Tax Charge				
Current Income Tax Charge	-	-	1,028	3,397
Disallowed Vat	-	-	10,936	-
Additional Assessment of Income Tax	-	168	-	1,329
Deferred Tax Charge /(Release)				
Relating to Origination & Reversal of Temporary Differences	(19,807)	(16,320)	(47,317)	(16,234)
Income Tax Expenses/ (Reversal) Reported in the Income Statement	(19,807)	(16,152)	(35,353)	(11,508)

8.1 Reconciliation between Current Tax Charge and the Accounting Profit

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit/(Loss) before Tax	(26,062)	9,717	(149,628)	8,699
Profit after Adjustments	(26,062)	9,717	(149,628)	8,699
Non - Deductible Expenses	12,068	12,068	13,633	13,397
Income not Liable for Income Tax	(2,157)	(2,157)	(8,653)	(10,026)
Other Sources of Income	(63,047)	(63,047)	(66,477)	(63,060)
Deductible Expenses	(10,104)	(10,104)	7,062	(13,165)
Adjusted Profit/ (Loss) on Trade Business	(89,302)	(53,523)	(204,062)	(64,155)
Other Sources of Income	63,047	63,047	63,047	63,047
Assessable Income	(26,255)	9,524	63,047	63,047
Unrelieved Loss Claimed	(65,992)	(65,992)	(65,992)	(65,992)
	(92,246)	(56,468)	(2,945)	(2,945)
Deduction from Assessable Income	-	-	-	-
Taxable Income	(92,246)	(56,468)	(2,945)	(2,945)
Tax on Taxable Income				
Income Tax Over/(Under) Provisions in Previous years	-	-	-	1,329
Income Tax on Standard Rate 30%	-	-	1,028	3,397
Current Tax Charge	-	-	1,028	4,726

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
8.2 Deferred Tax Expenses				
Deferred Tax Expenses arising from;				
Accelerated Depreciation for Tax Purposes	521	775	14,533	3,621
Revaluation of Investment Property to Fair Value	4,239	8,194	4,239	8,194
Retirement Benefit Obligation	(970)	(2,645)	(1,775)	(2,903)
Reversal/(Benefit) arising from Tax Losses	(23,596)	(22,644)	(64,314)	(25,146)
Deferred Tax Charged directly to Income Statement	(19,807)	(16,320)	(47,317)	(16,234)
Other Comprehensive Income				
Deferred Tax Expenses arising from;				
Actuarial Losses on Defined Benefit Obligations	(1,849)	(628)	(1,559)	(338)
Revaluation of Land & Building to Fair Value	-	14,409	5,344	(85,053)
Total Deferred Tax Charged/ (Credited) directly to OCI	(1,849)	13,782	3,786	(85,390)

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

Notes to the Financial Statements

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 Company

Company	Concession	Period
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.

For the year ended 31st March	COMPANY		GROUP	
	2025	2024	2025	2024
Amount used as the Numerator				
Net Profit/(Loss) Attributable to Ordinary Shareholders (In Rs. '000)	(6,255)	25,869	(114,274)	20,207
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.)	(0.05)	0.22	(0.97)	0.17

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

10 DIVIDEND PER SHARE

For the year ended 31st March	COMPANY		GROUP	
	2025	2024	2025	2024
Equity Dividend on Ordinary Shares Declared and Paid during the year (Rs)	-	-	-	-
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares	117,446	117,446	113,226	113,226
Dividend Per Share (Rs)	-	-	-	-

11 PROPERTY, PLANT & EQUIPMENT

11.1 Company

	Land	Buildings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Office Equipment	Stores & Other Equipment	Computer Hardware	Total
11.1.1 Cost / Revaluation	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st April 2024	229,970	61,529	12,769	52,871	4,300	9,902	8,545	7,549	387,434
Additions	-	-	-	1,150	-	-	692	457	2,299
Revaluation	-	-	-	-	-	-	-	-	-
Adjustment/Transfer	-	-	-	6,200	-	-	-	-	6,200
Disposals	-	-	-	-	-	-	-	-	-
As at 31st March 2025	229,970	61,529	12,769	60,221	4,300	9,902	9,236	8,006	395,933
11.1.2 Depreciation									
As at 01st April 2024	-	-	12,763	38,254	4,299	6,349	7,177	7,176	76,018
Charge for the year	-	3,077	6	3,376	-	789	506	152	7,906
Adjustment/Transfer	-	-	-	4,618	-	-	-	-	4,618
Disposals	-	-	-	-	-	-	-	-	-
As at 31st March 2025	-	3,077	12,769	46,248	4,299	7,138	7,681	7,329	88,542
11.1.3 Net Book Value									
As at 31st March 2025	229,970	58,452	(0)	13,973	1	2,764	1,555	677	307,391
As at 31st March 2024	229,970	61,529	6	14,617	1	3,553	1,368	372	311,415

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	2025			2024		
	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	(5,240)	8,595	13,835	(4,788)	9,047
Add: Addition during the year	-	-	-	-	-	-
Less: Depreciation for the year	-	(452)	(452)	-	(452)	(452)
Less: Cost of Building Disposed	-	-	-	-	-	-
Balances at the end of the Year	13,835	(5,692)	8,143	13,835	(5,240)	8,595
Total	159,089	(5,692)	153,397	159,089	(5,240)	153,849

Notes to the Financial Statements

11.15 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.2.3 Mn (2024 - Rs. 00Mn). Cash Payments Amounting to Rs.2.3Mn (2024- Rs. 00 Mn) were made during the year for purchase of Property, Plant & Equipment.

11.16 Property, Plant & Equipment includes fully Depreciated Assets having Gross carrying Value of Rs. 35Mn (2024 - Rs. 42Mn .)

11.2 Group

	Land	Buildings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Office Equipment	Stores & Other Equipment	Computer Hardware	Total
11.2.1 Cost/Revaluation	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st April 2024	1,011,932	284,088	470,368	101,915	20,403	19,202	181,377	26,246	2,115,531
Additions	-	9,240	26,094	-	1,265	1,202	15,732	1,493	55,026
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Adjustment/Transfer	-	-	-	6,200	-	-	-	-	6,200
Disposals	-	-	-	-	-	-	-	-	-
As at 31st March 2025	1,011,932	293,327	496,462	108,115	21,668	20,404	197,109	27,739	2,176,756
11.2.2 Depreciation									
As at 01st April 2024	-	7,164	156,646	84,992	20,188	15,197	71,186	24,779	380,152
Charge for the year	-	9,754	34,880	8,727	61	970	2,484	473	57,348
Adjustment/Transfer	-	-	-	4,618	-	-	-	-	4,618
Disposals	-	-	-	-	-	-	-	-	-
As at 31st March 2025	-	16,918	191,526	98,336	20,249	16,167	73,670	25,252	442,118
11.2.3 Net Book Value									
As at 31st March 2025	1,011,932	276,409	304,936	9,779	1,419	4,237	123,439	2,487	1,734,638
As at 31st March 2024	1,011,932	276,924	313,723	16,923	215	4,005	110,191	1,466	1,735,380

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	2025			2024		
	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	458,769	-	458,769	454,360	-	454,360
Add: Addition during the year	-	-	-	4,409	-	4,409
Less: Disposal during the year	-	-	-	-	-	-
	458,769	-	458,769	458,769	-	458,769
Buildings	26,736	(8,512)	18,224	26,736	(7,737)	18,999
Add: Addition during the year	9,240	-	9,240	-	-	-
Depreciation during the year	-	(9,754)	(9,754)	-	(775)	(775)
Less: Cost of Building disposed	-	-	-	-	-	-
	35,976	(18,266)	17,709	26,736	(8,512)	18,224
Total	494,745	(18,266)	476,478	485,505	(8,512)	476,993

11.2.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.55Mn (2024 - Rs.217Mn). Cash Payments amounting to Rs.55Mn (2024 - Rs.217 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.115 Mn (2024 - Rs.125Mn .)

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.

Notes to the Financial Statements

Property Eastern Merchants PLC	Extents		Method of Valuation	Effective date of Valuation	Value	Name of the Chartered Valuation Surveyor
	Buildings in Sq.Ft	Land in Acres				
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
		Open Market Value	31st March 2024	16,256	Dr. Gaminda Haegoda
	7,553 -				
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
		Open Market Value	31st March 2024	155,767	Dr. Gaminda Haegoda
	55,121 -				
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

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At Cost				
At the beginning of the year	6,200	6,200	6,200	6,200
Additions	-	-	-	-
Transfer	(6,200)	-	(6,200)	-
At the end of the year	-	6,200	-	6,200
Accumulated Depreciation				
At the beginning of the year	3,843	3,068	3,843	3,068
Depreciation for the Year	775	775	775	775
Transfer	(4,618)	-	(4,618)	-
At the end of the year	-	3,843	-	3,843
Carrying Value	-	2,357	-	2,357

12 INTANGIBLE ASSETS

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Computer Software				
At Cost				
At the beginning of the year	-	-	17,804	17,804
Additions	-	-	1,804	-
Disposal	-	-	-	-
At the end of the year	-	-	19,609	17,804
Accumulated Amortisation & Impairment				
At the beginning of the year	-	-	11,274	9,396
Amortisation	-	-	1,667	1,878
Impairment	-	-	-	-
At the end of the year	-	-	12,941	11,274
Carrying Value	-	-	6,668	6,530

13 INVESTMENT IN SUBSIDIARIES

As at 31st March	Notes	COMPANY	
		2025 Rs.'000	2024 Rs.'000
Investments in Subsidiaries	13.1	780,901	731,933
		780,901	731,933

Notes to the Financial Statements

13.1 Investments in Subsidiaries

As at 31st March	COMPANY			
	No. of Shares		Book Value	
	2025	2024	2025 Rs.'000	2024 Rs.'000
Unquoted - Consolidated				
Eamle Exports (Pvt) Ltd	33,500	33,500	5,076	5,076
Eastern Harvest (Pvt) Limited	7,000,000	7,000,000	70,000	70,000
Eastern Merchants Commodities (Pte) Limited	140,100	100	50,085	1,117
Microcells (Pvt) Limited	552,325	552,325	655,740	655,740
			780,901	731,933

14 NON-CURRENT FINANCIAL ASSETS

As at 31st March	2025 Rs.'000	2024 Rs.'000
Fixed Deposit	-	28,000
Deposit with non Bank Institutions	-	411,245
	-	439,245

As at 31st March	GROUP			
	No. of Shares		Fair Value	
	2025	2024	2025 Rs.'000	2024 Rs.'000
Quoted Securities - Shares				
Eastern Merchants PLC	4,420,000	4,420,000	30,940	31,434
			30,940	31,434
Total Non Current Financial Assets			30,940	470,679

15 INVENTORIES

As at 31st March	Notes	COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 wRs.'000	2024 Rs.'000
Finished Goods		95,140	52,922	148,751	121,280
Raw Material		-	-	172,616	121,720
Work in Progress		-	-	8,025	1,810
Consumable Item		35	35	57,630	69,944
Fuel		-	474	-	474
Packing Materials		7,583	10,611	10,679	13,141
		102,758	64,042	397,701	328,369

16 TRADE & OTHER RECEIVABLES

As at 31st March		COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade Receivables		73,264	107,059	192,005	386,049
Related Parties Debtors - Microcells (Pvt) Ltd.		3,200	-	-	-
Other Receivables		3,498	3,566	8,131	5,153
		79,962	110,624	200,136	391,202

17 OTHER CURRENT ASSETS

As at 31st March	Notes	COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Pre-payments & Non Cash Receivables		3,883	9,056	54,442	51,135
VAT Receivable		13,685	13,431	16,299	26,717
Income Tax Refunds	17.1	11,945	11,337	12,273	13,070
		29,512	33,824	83,015	90,922
17.1 INCOME TAX REFUNDS					
Balance at the beginning of the year		11,337	11,017	13,070	11,345
Transferred from Tax Provisions		-	320	-	320
Income Tax Paid		607	-	607	1,405
		11,945	11,337	13,677	13,070
ESC Set-off against Income Tax / Written off		-	-	(1,405)	-
Balance at the end of the year		11,945	11,337	12,273	13,070

18 AMOUNTS DUE FROM RELATED PARTIES

As at 31st March		COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Eastern Harvest (Pvt) Ltd		7,197			
Microcells (Pvt) Ltd.		205,000			
Eastern Merchants Commodities (Pte) Limited		5,466	53,125	-	-
		217,663	53,125	-	-

Notes to the Financial Statements

19 CASH IN HAND & AT BANK

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Cash at Bank	177,508	27,476	278,105	109,773
Cash in hand	791	581	1,088	878
	178,299	28,057	279,192	110,650

20 STATED CAPITAL

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Value of Shares				
Fully Paid Ordinary Shares	16,778	16,778	16,628	16,628

As at 31st March	COMPANY		GROUP	
	2025 '000	2024 '000	2025 '000	2024 '000
Number of Shares				
Fully Paid Ordinary Shares	117,446	117,446	113,226	113,226
	117,446	117,446	113,226	113,226

20.1 A Subsidiary Company Eamel Exports (Pvt) Ltd. continue to hold shares in holding Company as per the provisions of Section 72 of the Companies Act No 7 of 2007. As at 31/03/2025, Eamel Exports (Pvt) Ltd. holds 3.76 % of its holding Company (Eastern Merchants PLC) Shares in line with above provisions. There is no any subsidiary Company 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
Shares Disposed during the year - 2024/2025	-	-
Balance as at 31st March 2025	113,226	16,628

21 REVENUE RESERVES

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Retained Earnings				
Balance - As per Equity Statement	1,440,120	1,452,077	1,759,500	1,894,090
Total Revenue Reserves	1,440,120	1,452,077	1,759,500	1,894,090

22 OTHER COMPONENTS OF EQUITY

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Capital Reserves				
Revaluation Reserve	95,384	95,384	329,658	329,954
Foreign Currency Translation Reserve	-	-	24,635	20,120
Fair Value Reserve of Financial Assets at FVOCI	-	-	(4,661)	(4,661)
Total Capital Reserve	95,384	95,384	349,632	345,412

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		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year		9,236	11,774	227,649	129,526
Charge/(Reversal) for the year					
Profit or Loss		(19,807)	(16,319)	(46,559)	(14,828)
OCI		(1,849)	13,782	(4,127)	112,953
Balance at the end of the year		(12,420)	9,236	176,963	227,651

Notes to the Financial Statements

As at 31st March		COMPANY		GROUP	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
23.1 Net Deferred Tax Assets					
Deferred Tax Assets	23.2	(63,042)	(36,627)	(104,804)	(39,226)
Deferred Tax Liabilities	23.2	50,622	45,863	281,767	74,490
		(12,420)	9,236	176,963	35,264

23.2 Recognised Deferred Tax Assets & Liabilities

Deferred Tax Assets & Liabilities are attributable to the following :

As at 31st March		COMPANY			
		ASSETS		LIABILITIES	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Property, Plant & Equipment		-	-	34,807	34,286
Employee Benefits		7,799	4,980	-	-
Investment Property		-	-	15,815	11,576
Adjusted Tax Loss		55,243	31,647	-	-
Net Tax (Assets)/ Liabilities		63,042	36,627	50,622	45,863

As at 31st March		GROUP			
		ASSETS		LIABILITIES	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Property, Plant & Equipment		-	-	265,951	86,066
Employee Benefits		7,799	6,474	-	-
Investment Property		-	-	15,815	(11,576)
Adjusted Tax Loss		97,005	32,752	-	-
Net Tax (Assets)/ Liabilities		104,804	39,226	281,767	74,490

24 INTEREST BEARING BORROWINGS

24.1 Company

As at 31st March

	Notes	2025			2024		
		Amount Re-payable within 1 year Rs.'000	Amount Re-payable after 1 year Rs.'000	Total Rs.'000	Amount Re-payable within 1 year Rs.'000	Amount Re-payable after 1 year Rs.'000	Total Rs.'000
24.1.1 Bank Loans	24.1.1.1	82,400	-	82,400	66,938	-	66,938
		82,400	-	82,400	66,938	-	66,938
24.1.3 Bank Overdrafts		41,014	-	41,014	74,816	-	74,816
		41,014	-	41,014	74,816	-	74,816
		123,414	-	123,414	141,752	-	141,753

24.1.1.1 Bank Loans

	As at 01/04/2023 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2024 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2025 Rs.'000
Bank Loans	97,846	314,700	(345,608)	66,938	387,611	(372,149)	82,400
	97,846	314,700	(345,608)	66,938	387,611	(372,149)	82,400

24.2 Group

As at 31st March

	Notes	2025			2024		
		Amount Re-payable within 1 year Rs.'000	Amount Re-payable after 1 year Rs.'000	Total Rs.'000	Amount Re-payable within 1 year Rs.'000	Amount Re-payable after 1 year Rs.'000	Total Rs.'000
24.2.1 Bank Loans	24.2.1.1	211,136	30,828	241,964	296,798	42,500	339,298
		211,136	30,828	241,964	296,798	42,500	339,298
24.2.2 Bank Overdrafts		80,901	-	80,901	132,997	-	132,997
		80,901	-	80,901	132,997	-	132,997
		292,037	30,828	322,865	429,794	42,500	472,294

24.2.1.1 Bank Loans

	As at 01/04/2023 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2024 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2025 Rs.'000
Bank Loans	267,547	447,359	(375,608)	339,298	703,109	(800,443)	241,964
	267,547	447,359	(375,608)	339,298	703,109	(800,443)	241,964

Notes to the Financial Statements

25 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance at the Beginning of the year	16,600	12,195	25,147	17,175
Current Service Cost	984	760	2,632	3,482
Interest for the year	2,573	2,256	3,898	3,178
Actuarial Loss/(Gains)	7,551	1,389	18,643	443
Payments made during the year	(1,711)	-	(2,872)	871
Balance at the end of the year	25,997	16,600	47,448	25,147

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:

As at 31st March	COMPANY		GROUP	
	2025	2024	2025	2024
Discount Rate	10.00%	15.50%	10.0%	15.5%
Future Salary Increases	9%	8%	9%	9%
Retirement Age	60 Years	60 Years	60 Years	60 Years

The Gratuity Liability is not externally funded.

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
25.2 Net Benefit Expenses Categorised under Personnel Expenses				
Interest Cost	(2,573)	(2,256)	3,898	3,178
Current Service Cost	7,551	1,389	2,632	3,482

25.3 Sensitivity of Assumptions used

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

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Discount Rate				
1% Increase	(1,373)	(662)	(1,632)	(921)
1% Decrease	1,542	726	1,839	1,023
Salary Increment rate:				
1% Increase	1,425	699	1,690	964
1% Decrease	(1,289)	(643)	(1,589)	(943)

26 TRADE & OTHER PAYABLES

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade Creditors including Accrued Expenses	4,769	4,350	31,048	119,128
	4,769	4,350	31,048	119,128

27 AMOUNTS DUE TO RELATED PARTIES

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Eastern Harvest (Pvt) Limited	-	-	-	-
Eamel Export (Pvt) Limited	-	28,462	-	-
	-	28,462	-	-

28 OTHER CURRENT LIABILITIES

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Other Non Financial Liabilities	2,445	9,982	3,342	10,765
	2,445	9,982	3,342	10,765

Notes to the Financial Statements

29 INCOME TAX PAYABLE

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance at the Beginning of the year	-	9,394	1,812	20,887
Provision for the year	-	-	960	3,396
Tax Paid during the year	-	(9,714)	(1,956)	(22,790)
Transferred to Overpayment	-	320	-	320
	-	-	816	1,813

30 FINANCIAL INSTRUMENTS

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

As at 31 St March	Notes	COMPANY		GROUP	
		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
30.1 Financial Assets by Categories					
30.1.1 Financial Instruments in Non-Current Assets					
Non Current Financial Assets	14	-	439,245	30,940	470,679
		-	439,245	30,940	470,679
30.1.2 Financial Instruments in Current Assets					
Trade & Other Receivables	16	79,962	110,624	200,136	391,202
Amounts due from Related Parties	18	217,663	53,125	-	-
Cash in hand & At Bank	19	178,299	28,057	279,192	110,650
		475,924	191,807	479,328	501,853
Total Financial Assets		475,924	631,052	510,268	972,532

30.2 Financial Liabilities by Categories

As at 31 St March	Notes	COMPANY		GROUP	
		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
30.2.1 Financial Instruments in Non-Current Liabilities					
Interest Bearing Borrowings	24	-	-	30,828	42,500
		-	-	30,828	42,500
30.2.2 Financial Instruments in Current Liabilities					
Trade & Other Payables	26	4,769	4,350	31,048	119,128
Amounts due to Related Parties	27	-	28,462	-	-
Current Portion of Interest Bearing Borrowings	24	82,400	66,938	211,136	296,798
Bank Overdrafts	24.1.2	41,014	74,816	80,901	132,997
Total Financial Instruments in Current Liabilities		128,183	174,566	323,085	548,923
Total Financial Liabilities		128,183	174,566	353,913	591,423

31 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.

Notes to the Financial Statements

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.

31.1 Fair Value Measurement Hierarchy - Group

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

Financial Assets As at 31st March	Level 1		Level 2		Level 3		Total	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Non-Current Financial Assets	30,940	470,679	-	-	-	-	30,940	470,679
Non Financial Assets								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	1,288,341	1,288,856	1,288,341	1,288,856

Fair Value Measurement Hierarchy - Company

Financial Assets As at 31st March	Level 1		Level 2		Level 3		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Non Current Financial Assets	-	439,245	-	-	-	-	-	439,245
Non-Financial Assets								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	288,422	291,499	288,422	291,499
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	2025 Rs.000	2024 Rs.000
Balance at the beginning of the year	31,434	41,087
Sales	-	-
Addition during the year	-	-
Total gains and losses recognised in OCI	(494)	(9,653)
Balance at the end of the year	30,940	31,434

32 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS

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

Name of the Directors	Eastern Merchants PLC	Eamel Exports (Pvt) Ltd	Eastern Harvest (Pvt) Limited	Eastern Merchants Commodities (Pte) Limited	Microcells (Pvt) Limited
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

Notes to the Financial Statements

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

For the year ended 31st March

	2025 Rs.'000	2024 Rs.'000
32.2.1 Transactions with Subsidiaries		
A Eamel Exports (Pvt) Ltd		
Current Account Balance - Payables		
Balance at the beginning of the year	28,462	-
Fund Transfers	-	-
Acquisition of Share by Eastern Merchants PLC	-	-
Settlement	(28,462)	28,462
Balance at the end of the year	-	28,462
B Eastern Merchants Commodities (Pte) Limited		
Current Account Balance - Payables		
Balance at the beginning of the year	(53,125)	(34,525)
Fund Transfers	13,347	-
Exchange Gain	48,968	-
Reimbursements	(14,656)	(18,600)
Balance at the end of the year	(5,466)	(53,125)
C Eastern Harvest(Pvt) Limited		
Current Account Balance - Payable		
Balance at the beginning of the year	-	621
Loan Granted/ (Settled) to Eastern Merchants PLC	-	(621)
Interest	-	-
Payments by Eastern Harvest(Private) Limited on behalf of the Company	7,197	-
Balance at the end of the year	7,197	-
D Microcells (Pvt) Limited		
Current Account Balance -Trade Receivable		
Balance at the beginning of the year	-	-
Add: Raw Materials Sales	60,765	86,425
Fund Transfers	205,000	-
Interest Charged	-	-
Less: Settlement	(57,565)	(86,425)
Balance at the end of the year	208,200	-

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

32.2.3 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

For the year ended 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Short Term Employee Benefits				
Directors Remuneration	11,368	12,100	30,506	31,398

33 ASSETS PLEDGED

The following Assets have been pledged as Security for Liabilities.

33.1 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 31/03/2025	
				Pledged Rs.'000	Included in
NDB	Primary Mortgage of Stocks and Book Debts.	O/D & Cash Line Facility.	40,000	176,022	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

34 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.

35 EVENTS OCCURRING 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.

Notes to the Financial Statements

36 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	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Total Sales	2,851,396	2,763,854	9,261	8,705	(60,764)	(86,425)	2,799,892	2,686,134
Other Income	731	14,492	102	-	-	7,496	833	21,989
Segment Revenue	2,852,127	2,778,346	9,363	8,705	(60,764)	(78,928)	2,800,725	2,708,123
Segment Results	(117,378)	(44,375)	773	3,087	(1)	7,495.4	(116,606)	(33,792)
Finance Expenses							(64,634)	(58,555)
Finance Income							31,612	101,046
Profit before Taxation							(149,628)	8,699
Income Tax							35,353	11,508
Profit for the year							(114,275)	20,207
Other Comprehensive Income							(21,132)	429,801
Total Comprehensive Income							(135,407)	450,007
Attributable To								
Equity Holders of the Company							(134,519)	449,143
Minority Interest							(888)	865
Profit for the year							(135,407)	450,007
Assets								
Segment Assets	3,738,788	3,517,252	44,327	41,682	(1,081,765)	(893,522)	2,701,350	2,665,413
Other Investments	-	439,245	30,940	31,382	-	52	30,940	470,679
Total Assets	3,738,788	3,956,498	75,267	73,064	(1,081,765)	(893,470)	2,732,290	3,136,092
Liabilities								
Other Segment Liabilities	254,174	211,002	1,802	2,292	(220,770)	(81,587)	35,206	131,707
Interest Bearing Borrowings	322,865	472,294	-	-	-	-	322,865	472,294
Deferred Tax Liabilities	176,375	227,061	590	590	-	-	176,963	227,651
Retirement Benefit Obligations	47,449	25,149	-	-	-	-	47,448	25,149
Total Liabilities	800,863	935,506	2,392	2,882	(220,770)	(81,587)	582,482	856,801

37 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.

37.1 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.

37.2 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 has Cash and Bank balances including deposits placed with Government and credit worthy Banks. The Group monitors interest rate risks by actively monitoring the yield curve trends and interest rate movements.

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.

37.3 Risk Management

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.

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.

Notes to the Financial Statements

37.4 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.

	2025						Percentage of Allocation
	Trade & Other Receivables	Short Term Investments	Cash at Bank	Amounts due from Related Parties	Long Term Investment	Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Risk Exposure - Group							
Trade & Other Receivables	200,136	-	-	-	-	200,136	39.31%
Long Term Investment	-	-	-	-	30,940	30,940	6.08%
Cash at Bank	-	-	278,105	-	-	278,105	54.62%
Total Credit Risk Exposure	200,136	-	278,105	-	30,940	509,180	100%

Risk Exposure - Company							
Trade & Other Receivables	79,962	-	-	-	-	79,962	16.83%
Amounts due from Related Parties	-	-	-	217,663	-	217,663	45.81%
Cash at Bank	-	-	177,508	-	-	177,508	37.36%
Total Credit Risk Exposure	79,962	-	177,508	217,663	-	475,133	100%

	2024						Percentage of Allocation
	Trade and Other Receivables	Short Term Investments	Cash at Bank	Amounts due from Related Parties	Long Term Investment	Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Risk Exposure - Group							
Trade & Other Receivables	391,202	-	-	-	-	391,202	40.3%
Long Term Investment	-	-	-	-	470,679	470,679	48.44%
Cash at Bank	-	-	109,773	-	-	109,773	11.3%
Total Credit Risk Exposure	391,202	-	109,773	-	470,679	971,654	100%

Risk Exposure - Company							
Trade & Other Receivables	110,624	-	-	-	-	110,624	57.9%
Amounts due from Related Parties	-	-	-	53,125	-	53,125	27.8%
Cash at Bank	-	-	27,476	-	-	27,476	14.4%
Total Credit Risk Exposure	110,624	-	27,476	53,125	-	191,226	100%

37.5 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.

As at 31st March	COMPANY		GROUP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
NET DEBT/ (CASH)				
Cash in hand & At Bank	178,299	28,057	279,191	110,649
Adjustments to Liquid Assets	-	-	-	-
Total Liquid Assets	178,299	28,057	279,191	110,649
Interest Bearing Loans & Borrowings	82,400	66,938	211,136	296,798
Bank Overdrafts	41,014	74,816	80,901	132,997
Total Liabilities	123,415	141,754	292,037	429,794
Net Debt/ (Cash)	54,884	(113,697)	(12,846)	(319,145)

37.6 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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
All Borrowings are Payable Within One Year				
Interest Bearing Loans & Borrowings	82,400	66,938	211,136	296,798
Trade & Other Payables	4,769	4,350	31,048	119,128
Amounts due to Related Parties	-	28,462	-	-
Bank Overdrafts	41,014	74,816	80,901	132,997
	128,183	174,566	323,085	548,924

Notes to the Financial Statements

38 SHARE INFORMATION

38.1 Top twenty shareholders as at 31st March 2025

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
N. H. K. Chandika Kumara	1,347,915	0.83
S. D. De A. Rajapakse	980,000	0.83
Seylank Bank PLC - S. R. Fernando	714,727	0.83
DFCC Bank PLC - G. A. C. De Silva	664,702	0.83
S. A. De A. Rajapakse	664,699	0.82
A. S. A. Fernando	500,000	0.75
H. M. Udeshi	393,785	0.73
PMF Finance PLC/ A. R. S. C. Sugathasiri	380,000	0.60
Dr./Mrs. C. A. Suranimala	350,000	0.60
S. P. De A. Rajapakse	332,614	0.51
U. W. R. M. Weerakoon	285,571	0.40
Dialog Finance PLC/ P.Gunaratnam	283,866	0.30
M. M. Senaratne	280,000	0.26
	103,867,868	

38.2 Public Share Holdings

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

	31/03/2025	31/03/2024
Ordinary Shares	49,358,773	49,358,773
Public Shareholding	42.03%	42.03%
Public Shareholders	1,706	1,852
Float Adjusted Market Capitalization	444,263	444,263

The Company complies with option 05 of the Listing Rules 7.14.1 (a) – Zero Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

38.3 Shareholder Analysis as at 31st March 2025

No. of Shares Held	No. of Shareholders	No. of Shares	%
1-1,000	895	230,456	0.20
1,001-10,000	534	2,260,891	1.93
10,001-100,000	241	7,367,714	6.27
100,001-1,000,000	35	9,549,035	8.13
Over 1,000,000	8	98,037,904	83.47
	1,713	117,446,000	100.00

38.4 Net Assets Per Share

	31/03/2025	31/03/2024
	18.10	19.21

38.5 Directors' Shareholdings as at 31st March 2025

Name of the Director	As at 31/03/2025		As at 31/03/2024	
	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

38.6 Share Trading Information

	2025 Rs.	2024 Rs.
Highest	9.60	7.80
Lowest	6.20	6.00
Last Traded	7.00	7.10

39 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 capitalization, 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 38)	Complied

Notes to the Financial Statements

Rule	Requirements	Reference	Compliance
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Not Relevant	N/A
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Refer Notes 11 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 11 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

Rule	Requirements	Reference	Compliance
7.10.3(b)	Independence of Directors <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> ◆ 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
7.10.5	Remuneration Committee <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> ◆ The Annual Report should set out; <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> ◆ A listed company shall have an Audit Committee 	Refer Audit Committee Report of this Annual Report	Complied

Notes to the Financial Statements

Rule	Requirements	Reference	Compliance
7.10.6(a)	<p>Composition of Audit Committee</p> <ul style="list-style-type: none"> ◆ 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)	<p>Audit Committee Functions</p> <p>Should be as outlined in the Section 7.10 of the Listing Rules</p>	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(c)	<p>Disclosure in the Annual Report relating to Audit Committee</p> <ul style="list-style-type: none"> 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	<p>Related Party Transactions Review Committee</p> <ul style="list-style-type: none"> (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

Notes

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Notes

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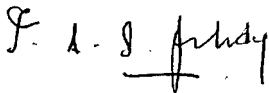
Notice of Meeting

NOTICE IS HEREBY GIVEN that the 79th Annual General Meeting of Eastern Merchants PLC will be held on Tuesday the 30th of September 2025, 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 78th Annual General Meeting held on 27th September 2024.
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 2025.
4. To resolve that Mr. F. Mushin and Mr. R. Pradeep 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 2025

Notice of Meeting

Notes:

1. The Annual Report of the Company for FY 2024/25 is available on the corporate website <https://easternmerchants.net/news-info/> and on the Colombo Stock Exchange website: www.cse.lk
2. The 79th 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 2.30pm on Tuesday, 30th September 2025.

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 30th of September, 2025 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 2025.	<input type="checkbox"/>	<input type="checkbox"/>
2. To reappoint Mr. F. Mushin and Mr. R. Pradeep who retire as Directors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To reappoint Mr. J. B. L. de Silva, who is over 70 years of age.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messers. D. H. P. Munaweera & Co. as Auditors of the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand (s) this day of 2025.

.....
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	: 233D, Pamunugama Road, Thudella, Ja-Ela.
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. Eastern Harvest (Pvt) Limited.
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 PLC DFCC Bank PLC



Since 1945

Eastern Merchants PLC,

No. 240, Torrington Avenue, Colombo 7, Sri Lanka.

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