Eastern Merchants PLC

Annual Report
2025/26

CONTENTS

OUR JOURNEY

Eastern Merchants PLC traces its beginnings to 1945, when two brothers, Sumane and Winton Karunaratne, established a modest export business in Colombo with working capital of just USD 50 and an unmistakable determination to succeed. Their first venture centred on cinnamon bark oil, a product rooted in the trading traditions of earlier generations of their family.

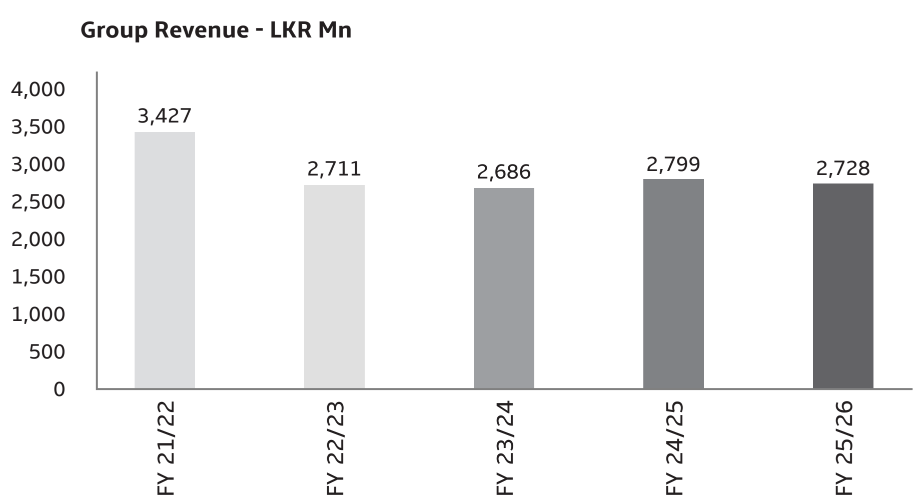
From those beginnings, Eastern Merchants developed into a recognised Sri Lankan trading and export house, extending its activities across natural rubber, spices, coconut-based products, fresh produce and manufactured rubber products. In 1981, the Company became a publicly quoted entity on the Colombo Stock Exchange, opening a new chapter in its development while preserving the entrepreneurial values on which it had been founded.

Today, members of the third generation of the founding family continue to guide the business alongside experienced executives and independent directors. More than eight decades after its establishment, the Group remains committed to the principles that have sustained it: integrity in its dealings, enduring relationships with customers and suppliers, disciplined stewardship and the willingness to adapt as markets evolve.

The financial year 2025/26 demanded precisely that combination of resilience and renewal. Our response has been to improve the underlying economics of the business while pursuing a more focused, and more competitive platform for the years ahead.

FINANCIAL HIGHLIGHTS

Performance parameter	2021/22	2022/23	2023/24	2024/25	2025/26
Sales (Rs. Mn.)	3,427	2,711	2,686	2,799	2,728
Gross profit (Rs. Mn.)	516	536	336	308	393
Profit / (loss) before tax (Rs. Mn.)	688	131	8	(149)	(19)
Profit / (loss) after tax (Rs. Mn.)	660	75	20	(114)	(46)
Total comprehensive income (Rs. Mn.)	735	61	450	(135)	(17)
Shareholders' funds (Rs. Mn.)	2,005	2,047	2,279	2,149	2,139
Basic earnings / (loss) per share (Rs.)	5.62	0.64	0.17	(0.98)	(0.41)
Dividend per share (Rs.)	–	–	–	–	–
Net assets per share (Rs.)	16.88	17.13	19.21	18.10	17.91
Current ratio (times)	1.72	3.33	1.64	2.93	1.43
Highest market price (Rs.)	10.10	15.40	7.80	9.60	19.00
Lowest market price (Rs.)	4.50	4.50	6.00	6.20	6.70
Market price at year end (Rs.)	5.70	9.40	7.10	7.00	11.90



CHAIRMAN'S MESSAGE

"The Group generated an operating profit of Rs. 22.95 million, compared with an operating loss of Rs. 116.61 million in the preceding year. This was achieved through greater selectivity in our trading activities, improved procurement and product mix, and a 27.9% reduction in distribution expenses."

The financial year ended 31 March 2026 was one of renewal for Eastern Merchants PLC. It was not a year in which we could declare the work of recovery complete, but it was a year in which the direction of travel improved meaningfully. Beneath a modest decline in Group revenue, we strengthened gross margins, reduced distribution costs and returned the business to an operating profit. Those improvements provide an important foundation on which to rebuild sustainable shareholder value.

Group revenue amounted to Rs. 2.73 billion, compared with Rs. 2.80 billion in the comparative financial statements for the last financial year. Although the top line declined by 2.6%, gross profit increased by 27.5% to Rs. 392.74 million and the gross margin improved from 11.0% to 14.4%. Most importantly, the Group generated an operating profit of Rs. 22.95 million, compared with an operating loss of Rs. 116.61 million in the preceding year. This was achieved through greater selectivity in our trading activities, improved procurement and product mix, and a 27.9% reduction in distribution expenses.

The recovery at operating level did not yet translate into an after-tax profit. Finance expenses remained elevated at Rs. 46.99 million, while finance income declined to Rs. 4.68 million. The Group consequently reported a loss before tax of Rs. 19.37 million and a loss after tax of Rs. 45.71 million for the 2025/26 financial year. While this represents a substantial improvement on the prior-year loss, it also demonstrates that further progress is needed in funding efficiency, working capital management and the conversion of operating improvements into consistent bottom-line returns.

The Board has also paid close attention to the changing structure of the Group's balance sheet. Total assets increased to Rs. 3.14 billion, supported by investment

CHAIRMAN’S MESSAGE

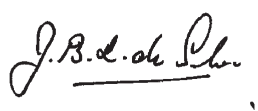
across the Group, but cash balances declined and interest-bearing borrowings increased. Accordingly, the next phase of recovery must place as much emphasis on liquidity, inventory discipline, receivables collection and returns on invested capital as on revenue growth. Expansion creates value only when it is matched by prudent financing and measurable commercial outcomes.

Our operating environment remained complex. Sri Lanka’s economy continued its recovery during 2025, but exporters still faced pressure from international competition, customer caution, exchange-rate movements and changes in global trade routes. Conditions became more challenging towards the end of the financial year as the conflict in the Middle East disrupted regional demand, shipping and energy markets. For a Group with exposure to agricultural commodities, and export manufacturing, these developments reinforced the importance of diversification and supply-chain resilience.

The Board’s strategic priorities remain clear. We will focus on higher-quality revenue, stronger gross margins and business models that give the Group a more defensible position in its chosen markets. We will continue to invest in responsible sourcing, product quality and environmental compliance while examining ways to deepen our access to customers and reduce dependence on purely transactional intermediation. The Group’s heritage provides us with a strong platform, but its future will depend on our ability to adapt with discipline and purpose.

Governance remains central to that process. The Board is committed to transparent reporting, effective oversight and compliance with the current corporate governance and related-party transaction requirements applicable to listed entities. We recognise that accountability is particularly important during a period of operational and financial transition, and we expect management to maintain a clear focus on risk, capital allocation and the protection of shareholder interests.

On behalf of the Board, I thank our employees for their dedication, our customers and suppliers for their continued partnership, and our shareholders for their patience and support. The year under review showed that Eastern Merchants can improve the underlying performance of its businesses. Our responsibility now is to build on that progress and convert it into a stronger, more resilient and sustainably profitable Group.



Mr. J. B. L. de Silva
Chairman

28th August 2026

MANAGING DIRECTORS' REVIEW

> "Gross profit increased by Rs. 84.59 million to Rs. 392.74 million, lifting the gross margin from 11.0% to 14.4%. Distribution expenses declined by Rs. 39.29 million to Rs. 101.56 million, reflecting tighter control over logistics, selling expenditure and route-to-market costs."

Gross profit increased by Rs. 84.59 million to Rs. 392.74 million, lifting the gross margin from 11.0% to 14.4%. Distribution expenses declined by Rs. 39.29 million to Rs. 101.56 million, reflecting tighter control over logistics, selling expenditure and route-to-market costs.

The year ended 31 March 2026 was a period of determined operational improvement for Eastern Merchants PLC. We entered the year following a difficult FY2024/25, with a clear mandate to rebuild margins, control expenditure and restore the performance of our core businesses. The results show tangible progress, although they also highlight the areas where additional work is required.

At Group level, revenue declined however, the quality of that revenue improved. Gross profit increased by Rs. 84.59 million to Rs. 392.74 million, lifting the gross margin from 11.0% to 14.4%. Distribution expenses declined by Rs. 39.29 million to Rs. 101.56 million, reflecting tighter control over logistics, selling expenditure and route-to-market costs. Although administrative expenses increased by 6.4% to Rs. 303.01 million, the combined effect of stronger gross profit and lower distribution expenses moved the Group from an operating loss of Rs. 116.61 million in 2024/25 to an operating profit of Rs. 22.95 million in 2025/26.

The parent company also recorded a stronger underlying trading performance. Revenue increased by 15.5% to Rs. 1.35 billion and gross profit rose by 49.3% to Rs. 113.75 million. Other operating income included foreign-exchange gains, a gain on disposal of property, plant and equipment, and management-fee income recognised at Company level. As a result, Eastern Merchants PLC recorded a profit before tax of Rs. 16.32 million, compared with a loss before tax of Rs. 26.06 million in the comparative period.

The parent's after-tax position nevertheless remained negative, with a loss of Rs. 13.32 million. This apparent contrast between a positive pre-tax result and an after-tax loss arose principally from a deferred-tax charge of Rs. 29.64 million. At Group level, the tax charge of Rs. 26.34 million similarly widened the loss after tax relative to the pre-tax result. These outcomes underscore

MANAGING DIRECTORS' REVIEW

the importance of distinguishing between operating performance, financing costs and accounting tax movements when assessing the progress made during the year.

The balance sheet expanded materially. Group property, plant and equipment increased to Rs. 2.09 billion, total assets reached Rs. 3.14 billion, and inventories increased to Rs. 546.29 million. At the same time, cash and bank balances declined from Rs. 279.19 million to Rs. 47.55 million, while total interest-bearing borrowings, including overdrafts, increased from Rs. 322.85 million to Rs. 646.09 million. The Group's current ratio consequently declined from 2.93 times to 1.43 times. Increasing liquidity and reducing the amount of capital tied up in stock and receivables will be central to our plans for FY2026/27.

Our manufacturing business, Microcells (Pvt) Ltd., remained an important contributor to Group revenue and gross profit. Microcells generated revenue of approximately Rs. 789.10 million and gross profit of Rs. 228.96 million. However, finance expenses and operating overheads continued to weigh on its overall result, and the company recorded a loss after tax of approximately Rs. 30.43 million. The priority at Microcells is therefore to convert its healthy gross-profit contribution into sustainable net profitability through improved capacity utilisation, a more attractive product mix, disciplined pricing and tighter working capital controls.

Eastern Merchants Commodities (Pte) Ltd. contributed approximately Rs. 621.60 million in revenue, while Eamel Exports (Pvt) Ltd. generated service revenue of approximately Rs. 18.93 million and an after-tax profit of approximately Rs. 7.52 million. Eastern Harvest (Pvt) Ltd. recorded revenue of approximately Rs. 35.20 million and remained at an early stage in the development of its operating platform.

The parent's investment totalling Rs. 262 million in Eastern Harvest (Pvt) Ltd. (Wholly owned subsidiary of parent) was principally utilised to acquire approximately 12 acres of land for a proposed greenhouse agriculture project. The project represents a promising extension of the Group's agricultural interests, with the potential to produce consistent, high-quality crops throughout the year for domestic and export markets. Compared with conventional open-field cultivation, greenhouse agriculture offers greater protection from adverse weather and climatic variability while enabling more precise control over irrigation, fertiliser application, crop protection and growing conditions. Subject to effective execution and achieving the required scale, these advantages are expected to improve yields, reduce crop losses and input wastage, lower the cost of production and increase profitability.

STRATEGIC AND OPERATIONAL PRIORITIES

Against this backdrop, the Group has identified the following strategic and operational priorities to strengthen resilience, improve returns and position the business for sustainable long-term growth:

- Protect and expand gross margins through selective procurement, differentiated products, disciplined pricing and the withdrawal from business that does not earn an adequate return.
- Improve the cash conversion cycle by reducing slow-moving inventory, strengthening collection disciplines, improving demand planning and aligning purchasing decisions with confirmed sales opportunities.
- Rebalance the funding structure through tighter capital expenditure approval, a review of borrowing facilities and a sharper focus on the returns generated by each Group company.
- Strengthen the rubber-products business through higher-value technical applications, better manufacturing efficiency, customer diversification and more direct access to attractive overseas markets.
- Develop the fresh-produce platform with greater control over sourcing, quality, traceability, cold-chain execution and access to customers in strategically relevant markets.
- Maintain robust environmental, product-safety and supply-chain compliance, including the documentation and traceability needed to serve customers facing increasingly demanding sustainability requirements.

ASSURANCES, COMPLIANCE AND GOVERNANCE

The Group continues to regard the accuracy of its financial information, the integrity of its business conduct and the effectiveness of its internal controls as essential to its long-term success. Management is responsible for maintaining appropriate accounting records, safeguarding assets, evaluating significant risks and ensuring that material transactions are reviewed and disclosed in accordance with applicable requirements.

The Company's governance disclosures for FY2025/26 have been aligned to the current corporate governance framework under Section 9 of the Colombo Stock Exchange Listing Rules and the Code of Best Practice on Corporate Governance 2023. This includes the role of the Senior Independent Director, the fit-and-proper assessment of Directors and the Chief Executive Officer, the responsibilities and composition of Board committees, the review of related-party transactions, and the quality of shareholder communications.

OUTLOOK

Our objective for the year ahead is not simply to grow turnover. It is to return the Group to sustainable profitability while restoring balance-sheet flexibility and improving the return on the capital employed across our businesses. The progress achieved at gross-profit and operating-profit level demonstrates that this is attainable, but it will require consistent execution and difficult choices where activities do not earn their cost of capital.

We will continue to build on the Group's established relationships, sourcing capabilities and manufacturing expertise while evaluating opportunities to move closer to end customers and to participate in higher-value segments of our existing industries. We will approach expansion selectively, with particular attention to funding requirements, commercial visibility and the resilience of each business model.

I extend my sincere appreciation to our employees, customers, suppliers, banking partners and shareholders. Their commitment has supported the operational progress achieved during the year, and their continued confidence will be vital as we work to translate that progress into stronger financial returns.

C. S. L de Silva

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

28th August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the consolidated financial statements of Eastern Merchants PLC and its subsidiaries for the year ended 31 March 2026.

EXTERNAL ENVIRONMENT AND MARKET OUTLOOK

Sri Lanka's economy continued to recover during the year under review. The Central Bank of Sri Lanka estimates that real GDP expanded by approximately 5.0% in calendar year 2025, marking a second consecutive year of economic growth. Lower interest rates, stronger private-sector credit and improved external inflows supported the broader recovery, although business conditions remained sensitive to exchange-rate movements, imported input costs, fiscal reforms and uneven demand across sectors.

For export-oriented businesses, the international trading environment remained more challenging than the domestic recovery alone might suggest. Customers continued to exercise caution in purchasing and inventory commitments, while competition from lower-cost origins placed pressure on pricing. Agricultural commodity markets were affected by changing supply conditions, climate-related disruption and evolving sustainability requirements. Manufacturing exporters remained exposed to shipping costs, energy prices, trade-policy uncertainty and fluctuations in demand in North America, Europe and Asia.

Conditions deteriorated further towards the end of the financial year as the conflict in the Middle East affected energy prices, transport routes, travel and commercial activity across the region. Central Bank reporting for March 2026 identified materially higher fuel-import costs and a marked decline in tourism linked to the conflict. For the Group, these developments reinforce the need to diversify markets, assess customer credit carefully, maintain flexibility in logistics and avoid undue concentration in a single origin, buyer or destination.

SALES

Group revenue declined by 2.6% to Rs. 2,728.00 million from Rs. 2,799.89 million in the comparative accounts. Export sales accounted for Rs. 2,672.55 million, local sales for Rs. 36.51 million and services for Rs. 18.93 million. The reduction in Group revenue masked an improvement at the parent-company level, where revenue increased by 15.5% to Rs. 1,351.49 million.

The Group's principal operating segment remains the export of traditional and non-traditional products, encompassing commodity trading, agricultural exports and manufactured rubber products. Service-related activities continue to represent a smaller component of the overall revenue base. Intercompany sales are eliminated on consolidation.

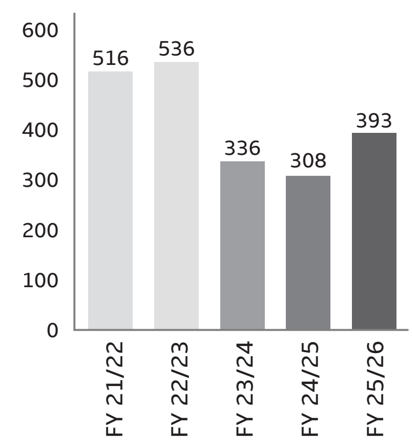
GROSS PROFIT AND OPERATING PERFORMANCE

Gross profit increased by 27.5% to Rs. 392.74 million, while gross margin improved by approximately 3.4 percentage points to 14.4%. This improvement indicates a stronger mix of business, better procurement and greater attention to transaction-level profitability. At Company level, gross profit increased by 49.3% to Rs. 113.75 million and gross margin improved from 6.5% to 8.4%.

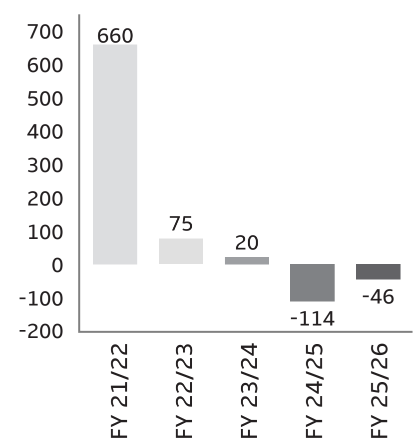
Other operating income increased to Rs. 34.78 million at Group level. The principal components were foreign-exchange gains of Rs. 23.15 million, a gain on disposal of property, plant and equipment of Rs. 11.52 million and a gain on disposal of shares of Rs. 4.93 million. Management recognises that such items may not recur at the same level and therefore does not regard them as a substitute for sustainable operating margins.

Administrative expenses increased by 6.4% to Rs. 303.01 million. However, distribution expenses declined by 27.9% to Rs. 101.56 million. Together with the improvement in gross profit and other operating income, this produced an operating profit of Rs. 22.95 million, compared with an operating loss of Rs. 116.61 million in the preceding year.

Gross Profit - LKR Mn



Profit/ (Loss) after tax - LKR Mn



FINANCE COSTS, TAXATION AND NET RESULT

Finance expenses decreased by 27.3% to some Rs. 47 million from Rs. 64.63 million, while finance income declined by 85.2% to Rs. 4.68 million. The combined net financing burden therefore remained significant relative to the Group's operating profit and prevented the operational recovery from translating into a pre-tax profit.

The Group recorded a loss before tax of Rs. 19.37 million, a substantial improvement on the prior-year loss of Rs. 149.63 million. A tax charge of Rs. 26.34 million, primarily reflecting deferred-tax movements, resulted in a loss after tax of Rs. 45.71 million. The loss attributable to equity holders of the parent amounted to Rs. 48.19 million, while non-controlling interests accounted for a profit of Rs. 2.48 million.

At Company level, profit before tax amounted to Rs. 16.32 million. However, a deferred-tax charge of Rs. 29.64 million resulted in an after-tax loss of Rs. 13.32 million. Management will continue to assess the recoverability of tax assets, the expected utilisation of tax losses and the implications of changes in deferred-tax balances as part of its financial planning.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL MANAGEMENT

Total Group assets increased by 14.5% to Rs. 3,144.11 million. Property, plant and equipment increased to Rs. 2,087.75 million from Rs. 1,734.64 million, reflecting additions across the Group. Inventories increased by 37.4% to Rs. 546.29 million, while trade and other receivables increased by 48.2% to Rs. 296.56 million.

The expansion in non-current assets and working capital coincided with a sharp reduction in liquid funds. Cash and bank balances declined by 83.0% to Rs. 47.55 million. Total interest-bearing borrowings, including bank overdrafts, increased to Rs. 646.09 million from Rs. 322.86 million, while the Group's current ratio declined from 2.93 times to 1.43 times.

Group equity remained substantial at Rs. 2,139.42 million, and equity attributable to the owners of the parent amounted to Rs. 2,102.96 million. Nevertheless, the deterioration in liquidity and increase in gross borrowings require active management. Priorities include reducing slow-moving inventory, accelerating receivables collections, reviewing facility utilisation, prioritising capital expenditure and ensuring that any investment in subsidiaries is supported by clearly defined commercial milestones.

OPERATIONAL OVERVIEW

Commodity Trading

The trading of natural rubber and other agricultural commodities continues to draw on the Group's long-standing relationships with producers, processors and industrial buyers. However, traditional trading margins remain under pressure as counterparties improve direct access to suppliers and as international buyers demand greater transparency over origin, traceability, environmental performance and product quality.

Management's response is to prioritise transactions where the Group adds demonstrable value through supply reliability, origin diversification, technical knowledge, responsible sourcing, documentation and market access. In rubber, this includes maintaining the systems and supplier engagement necessary to support certified and traceable supply chains where required by customers. The focus is on profitable, defensible trading rather than turnover generated without an adequate contribution margin.

Rubber Products Manufacturing

Microcells (Pvt) Ltd. manufactures technical rubber sheeting, matting and related products for export markets. The consolidation schedule indicates revenue of approximately Rs. 789.10 million and gross profit of approximately Rs. 228.96 million for FY2025/26. Despite this gross-profit contribution, the subsidiary recorded an after-tax loss of approximately Rs. 30.43 million, reflecting the impact of administrative costs, distribution expenses and finance costs.

Management is concentrating on higher-value products, improved manufacturing yields, tighter cost control and a more balanced customer and geographic mix. Operational priorities include the efficient use of production capacity, improved inventory planning, procurement discipline, preventive maintenance and the identification of product categories in which quality, technical performance and reliability command a stronger return than commodity-grade competition.

The business will continue to build on its existing quality and environmental credentials, including ISO-based management systems and renewable-energy initiatives. The objective is to ensure that sustainability investments support both customer requirements and measurable operating efficiency.

Fresh Produce and Agricultural Development

The Group's agricultural and fresh-produce activities provide an opportunity to apply its sourcing capabilities, export experience and relationships with regional customers to a business model that offers closer participation in the supply chain. Product quality, cold-chain reliability, traceability and access to dependable growers are essential to success in this segment.

Eastern Harvest (Pvt) Ltd. generated approximately Rs. 35.20 million in revenue during the financial year and incurred an after-tax loss of approximately Rs. 1.80 million. The parent increased its investment in the subsidiary by Rs. 262.00 million.

Management will assess opportunities to strengthen sourcing, improve crop consistency, develop more direct customer relationships and participate selectively in downstream distribution. Any expansion will be evaluated against working-capital requirements, route-to-market economics, exposure to regional

MANAGEMENY DISCUSSION AND ANALYSIS

disruption and the availability of an appropriate risk-adjusted return.

Compliance and Sustainability
At Eastern Merchants, responsible business practices are integral to the way we conduct our operations. As a Group operating across international commodity trading, manufacturing and fresh produce exports, maintaining high standards of compliance, product quality, traceability and ethical conduct is essential to sustaining the confidence of our customers, suppliers, employees and other stakeholders.

During the year, we continued to place strong emphasis on compliance with applicable laws, regulations, customer requirements and internationally recognised standards. Our approach is underpinned by established management systems, internal controls and operating procedures designed to ensure that our businesses are conducted with integrity, accountability and transparency.

Our manufacturing subsidiary, Microcells (Pvt) Ltd. (MCL), continues to maintain its ISO 9001:2015 Quality Management System certification, ISO 14001:2015 Environmental Management System certification and ISO 14064-1:2018 accreditation for greenhouse gas emissions quantification and reporting. These internationally recognised standards provide a structured framework for maintaining product quality, managing environmental impacts and improving the measurement and management of greenhouse gas emissions.

Our commitment to responsible sourcing is particularly relevant to our natural rubber business. The Group continues to build on its FSC Chain of Custody certification and traceability capabilities, enabling us to respond to increasing customer demand for responsibly sourced rubber. We also continue to strengthen our readiness for evolving international regulatory requirements, including the European Union Deforestation Regulation (EUDR), which places greater emphasis on traceability, geographical origin and the prevention of deforestation and forest degradation in relevant supply chains. The Group's diversified sourcing network across rubber-producing countries provides an important foundation for maintaining supply continuity while strengthening traceability.

In our fresh produce operations, we continue to work closely with farmers and regional pack houses. Direct engagement with grassroots producers supports traceability, product quality and rural livelihoods while enabling us to work towards more efficient and responsible use of packaging and resources.

Ethical conduct remains a fundamental principle across the Group. We maintain a zero-tolerance approach to bribery and corruption and expect all employees, Directors, business partners and other stakeholders to conduct business honestly and fairly. Our governance framework incorporates policies and procedures covering business conduct and ethics, whistleblowing, anti-bribery and corruption, risk management, internal controls and corporate disclosures.

We also recognise that compliance is not limited to meeting regulatory requirements. It is about maintaining the trust of stakeholders through consistent behaviour, accurate reporting, responsible decision-making and accountability at every level of the organisation.

The Board continues to oversee the effectiveness of the Group's governance, risk management and internal control framework, while management remains responsible for implementing appropriate controls and monitoring compliance within the respective businesses.

The Company is also mindful of the increasing importance of sustainability-related financial disclosures. The Group will continue to develop its systems, processes and data capabilities to support the evolving sustainability reporting requirements applicable to listed companies in Sri Lanka.

People and Practices
Our people remain at the heart of Eastern Merchants. The knowledge, experience and commitment of our employees across the Group are fundamental to maintaining the quality of our products and services, serving customers effectively and navigating a challenging and rapidly changing business environment.

The Group continues to benefit from a significant number of long-serving employees whose institutional knowledge and experience provide an important source of strength. At the same time, succession planning remains an important priority, with management balancing internal talent development with the recruitment of skills and capabilities required for the future.

We remain committed to providing an inclusive and respectful workplace in which employees are treated fairly and have equitable access to opportunities. The Group continues to support equal opportunity in recruitment, development and advancement, without discrimination based on gender, age, social background or other factors unrelated to an individual's ability to perform the role.

Our people practices are supported by policies and procedures covering recruitment, performance management, remuneration, grievance handling, workplace conduct and employee welfare. We remain committed to complying with statutory requirements relating to working conditions, remuneration and employee rights.

Learning and development continue to be important components of our people strategy. During the year, the Group continued to provide opportunities for employees to develop their technical, functional and leadership capabilities through internal and external training programmes. The objective is not only to enhance current performance but also to build the capabilities required to support the Group's future growth and succession requirements.

Workplace health and safety remain key priorities, particularly within our manufacturing operations. Risk assessments and workplace audits are undertaken to identify potential hazards and strengthen preventive measures. Employees are encouraged to maintain safe working practices and to remain vigilant regarding occupational health and safety requirements.

We also recognise that employee wellbeing extends beyond physical safety. A supportive working environment, effective communication, fair treatment and opportunities for development are important to maintaining employee engagement and productivity. Management therefore continues to promote practices that support employee wellbeing while maintaining the standards of performance expected across the Group.

RISK MANAGEMENT

The principal risks facing the Group include, foreign-exchange volatility, interest-rate exposure, liquidity pressure, concentration in particular markets or customers, disruption to shipping and cold-chain logistics, commodity-price movements, and changes in trade or environmental regulations.

The increase in inventory, receivables and borrowings during FY2025/26 makes liquidity management a particular priority. Management monitors facility usage, collections, stock levels, covenant compliance and capital expenditure, while the Audit Committee oversees the adequacy of the risk-management framework.

OUTLOOK

The Group begins FY2026/27 with better operating momentum but a more demanding liquidity position. Management's immediate priorities are to preserve the gross-margin improvement achieved during the year, reduce funding costs, improve working-capital turnover and restore sustainable after-tax profitability.

Longer-term growth will depend on the Group's ability to create value beyond conventional intermediation. This includes stronger customer access, differentiated manufactured products, disciplined agricultural development, and diversified origins and markets. We believe that the combination of our established relationships, entrepreneurial culture and operating experience provides a credible platform for that transition.

BOARD OF DIRECTORS

The Board comprises eight Directors: five Executive Directors and three Independent Non-Executive Directors.

MR. J. B. L. DE SILVA,
LL.B., Attorney-at-Law
Chairman - Executive Director

A lawyer by profession, Mr. de Silva has extensive experience in corporate leadership and has served as Chairman of Eastern Merchants PLC since 1983. His experience encompasses corporate governance, strategic oversight and the development of the Group's long-standing relationships with shareholders, customers and business partners.

MR. H. J. DE SILVA,
B.Sc.
Deputy Chairman - Executive Director

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

MR. C. S. L. DE SILVA,
B.Econ., M.Com.
Managing Director - Executive Director

After completing his Bachelors' Degree in the fields of Econometrics and Marketing at the University of Sydney, Mr. de Silva completed a master's degree specialising in Finance at the same institution. Thereafter, he worked for three years in the Strategy and Analytics team of a Fortune 500 Company before joining Eastern Merchants PLC. He is the second of the 3rd generation of the founding family to join the Company and is responsible for the overall strategy and operations of the Eastern Merchants PLC Group. He currently acts as the secretary of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP).

MR. S. JAYAKODY,
B.Com. (Special), FCA, FCMA
Director - Finance / Company Secretary - 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.

MRS. G.R.J. DE SILVA
B.Econ., M.Com.
Executive Director

Mrs. de Silva has over 20 years of HR, consulting and strategic analysis experience in various industries in both Sri Lanka and Australia. She has been with Eastern Merchants PLC for the last 10 years and is responsible for the Group's human resource management and compliance.

MR. F. MUSHIN,
MBA
Independent Non-Executive Director / Senior Independent 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.

CORPORATE GOVERNANCE REPORT

The Board is responsible for directing the affairs of the Company, setting strategy, overseeing risk and internal control, approving material capital allocation and ensuring the integrity of reporting. The governance framework is being aligned to Section 9 of the Colombo Stock Exchange Listing Rules, effective for the reporting year.

RULE	REQUIREMENT	CURRENT STATUS	COMPLIANCE STATUS
9.1.1	Applicability of Corporate Governance Rules	Complied	Eastern Merchants PLC is a company listed on the Main Market Segment of the CSE and is therefore subject to the Corporate Governance requirements set out in Rules 9.2 to 9.16.
9.1.3	Annual Report disclosure of compliance	Complied	The Company has included this Statement of Compliance with Section 9 of the CSE Listing Rules in its Annual Report.
9.2.1	Mandatory Governance Policies	Complied	The Company has established the governance policy framework required under Rule 9.2.1, covering Board matters, Board Committees, Corporate Governance/Nominations and Re-election, Remuneration, Business Conduct and Ethics, Risk Management and Internal Controls, Shareholder and Investor Relations, Company Assets and Shareholder Investments, Corporate Disclosures.
9.2.2	Waivers / exemptions relating to Code of Business Conduct and Ethics	Complied	No waivers from the Internal Code of Business Conduct and Ethics or exemptions granted by the Company were reported during the year.
9.2.3	Disclosure of governance policies	Complied	The Company discloses the governance policies maintained under Rule 9.2.1 and provides access to the policies through its website.
9.2.4	Availability of policies to shareholders	Complied	The Company's governance policies are available to shareholders upon written request.
9.3.1	Establishment of Board Committees	Complied	The Company has established the four minimum Board Committees prescribed by the CSE: Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.2	Committee composition, responsibilities and disclosures	Complied	The Board Committees operate under defined responsibilities and their activities are reported separately in this Annual Report.
9.3.3	Chairperson of Board Committees	Complied	The Chairperson of the Board does not serve as Chairperson of the Nominations and Governance, Remuneration, Audit or Related Party Transactions Review Committees.
9.4.1	General Meeting records and voting information	Complied	The Company maintains the prescribed records relating to resolutions and voting at General Meetings.
9.4.2	Communication and relations with shareholders and investors	Complied	The Company maintains arrangements for communication with shareholders and investors and provides mechanisms through which material shareholder concerns may be brought to the attention of the Board.
9.5.1	Policy on matters relating to the Board	Complied	The Company's Board governance framework addresses Board composition, the roles of the Chairperson and Managing Director, Board balance, performance evaluation, diversity, meetings, securities dealing, attendance and directorship requirements.
9.5.2	Compliance with Board Policy	Complied	The Board reviews compliance with its governance framework and the related matters are addressed through the Board and its Committees.

CORPORATE GOVERNANCE REPORT

RULE	REQUIREMENT	CURRENT STATUS	COMPLIANCE STATUS
9.6.1	Chairperson and CEO	Not Complied – Specific Exception Disclosed	The Chairperson of the Company, Mr. J.B.L. de Silva, is an Executive Director. The Company has therefore adopted the Senior Independent Director mechanism prescribed by Rule 9.6.3 to provide an independent channel for governance matters and oversight of the Chairperson.
9.6.2	Market announcement where Chairperson is Executive	Complied / Disclosure made	The Company has disclosed the rationale for the Executive Chairperson arrangement and maintains the required governance safeguards through the appointment of a Senior Independent Director.

BOARD COMPOSITION AT 31 MARCH 2026

CATEGORY	DIRECTORS	NUMBER
Executive Directors	J. B. L. de Silva; H. J. de Silva; C. S. L. de Silva; S. Jayakody; G.R.J. de Silva	5
Independent Non-Executive Directors	R. Pradeep; F. Mushin; N. Nanayakkara	3
Total	—	8

BOARD AND COMMITTEE ATTENDANCE

DIRECTOR	BOARD	AUDIT	RPT REVIEW	REMUNERATION	NOMINATIONS & GOVERNANCE
J. B. L. de Silva	4/4	-	-	-	-
H. J. de Silva	4/4	-	-	-	-
C. S. L. de Silva	4/4	-	-	-	-
S. Jayakody	4/4	-	4/4	-	-
G.R.J. de Silva	4/4	-	-	-	-
R. Pradeep	4/4	4/4	4/4	4/4	4/4
F. Mushin	4/4	4/4	4/4	4/4	4/4
N. Nanayakkara	4/4	4/4	-	4/4	4/4

ENTERPRISE RISK MANAGEMENT

RISK	EXPOSURE	PRINCIPAL RESPONSE
Strategic and business-model risk	Changes in customer buying patterns, disintermediation and margin pressure.	Product/customer profitability, direct channels, differentiated offerings and disciplined capital allocation.
Commodity and price risk	Rapid changes between purchase commitments and customer pricing.	Back-to-back purchasing where possible, approval limits, exposure reports and margin thresholds.
Foreign-exchange risk	Mismatches between foreign-currency receipts, purchases and borrowings.	Natural hedging, currency matching, treasury limits and timely repricing.
Credit risk	Customer default or delayed collections; receivables rose 48.2%.	Limits, credit checks, ageing escalation, insurance/collateral where appropriate and collection accountability.
Liquidity and covenant risk	Borrowings increased to Rs. 646.1 million and operating cash flow was negative.	Rolling cash forecasts, lender engagement, covenant dashboards, tenor alignment and working-capital action.
Inventory risk	Inventory increased 37.4%; obsolescence, quality and demand risk.	Ageing and slow-moving reviews, demand-linked buying, quality assurance and provisioning.
Operational and manufacturing risk	Breakdown, under-utilisation, quality failure and production interruption.	Preventive maintenance, capacity planning, quality systems, spares and business-continuity arrangements.
Supply-chain and geopolitical risk	Route disruption, supplier concentration and freight volatility.	Multiple origins/suppliers, logistics alternatives and customer communication.
Regulatory and market-access risk	Traceability, product, environmental and deforestation-related requirements.	Regulatory horizon scanning, supplier due diligence, chain-of-custody data and customer-specific controls.
Cyber and data risk	Fraud, ransomware, system outage or data loss.	Access controls, backups, security monitoring, user awareness and incident response.
Climate and environmental risk	Physical disruption, energy/resource costs and transition expectations.	Site risk assessment, environmental controls, energy efficiency and emissions-data capability.
People and succession risk	Loss of key skills and leadership continuity.	Succession planning, development, retention and health and safety controls.

RESPONSIBILITY OF THE MANAGING DIRECTOR AND DIRECTOR OF FINANCE

In accordance with the requirements of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Board should, before approving the Financial Statements for a financial period, obtain a declaration from the Chief Executive Officer and the Chief Financial Officer on the Financial Statements and the system of risk management and internal control.

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 (SLFRSs/ LKASs), the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

We confirm that the accounting policies used in the preparation of the Financial Statements are appropriate and have been consistently applied, except where otherwise stated in the Notes to the Financial Statements. There were no departures from the applicable Sri Lanka Accounting Standards in their adoption.

The Financial Statements have been prepared on a going concern basis and reflect, to the best of our knowledge and belief, a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company and the Group for the financial year ended 31st March 2026.

The significant accounting policies, estimates and judgements involving a high degree of judgement or complexity have been reviewed and discussed with the Audit Committee.

The Board of Directors accepts responsibility for ensuring that proper accounting records are maintained and that the Financial Statements of the Company and its subsidiaries are prepared within the prescribed period and in accordance with the requirements of the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.

The Board and Management also accept responsibility for maintaining an appropriate system of internal control and risk management designed to safeguard the assets of the Company and the Group and to prevent and detect fraud, material misstatements and other irregularities.

The Audit Committee provides oversight of the financial reporting process, internal financial controls, risk management and the external audit. The Committee has access to the Internal and External Auditors and may meet with them without Management present where considered necessary.

We have obtained reasonable assurance that the systems of internal control and risk management operating within the Company and the Group are adequate and effective for their intended purpose, subject to the inherent limitations of any such system.

We confirm that, to the best of our knowledge, all statutory payments due to employees, government institutions and other statutory bodies in respect of the Company and the Group have been paid or adequately provided for.

We further confirm that, based on the information available to us, the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that the Financial Statements have accordingly been prepared on a going concern basis.

We confirm that we have discharged our responsibilities in maintaining proper financial records, preparing the Financial Statements in accordance with the applicable Sri Lanka Accounting Standards and maintaining appropriate systems of risk management and internal control.

C. S. L de Silva

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

28th August 2026

Mr. S. Jayakody,
FCA, FCMA
Director - Finance / Company Secretary

28th August 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

The Listing Rules of the Colombo Stock Exchange require a Senior Independent Director ("SID") to be appointed in circumstances where, among other matters, the Chairperson is an Executive Director or where the Chairperson and Chief Executive Officer are close family members or related parties.

The presence of a Senior Independent Director at Eastern Merchants PLC is therefore important to maintaining an appropriate balance of authority and independent oversight at Board level. The Chairman, Mr. J.B.L. de Silva, is an Executive 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 role of the SID provides an independent channel through which governance matters may be considered and provides a mechanism for the independent assessment of the effectiveness of the Board and the performance of the Chairperson.

As Senior Independent Director, I provide guidance to the Chairman on matters relating to governance and am available to the Directors for confidential discussions on matters relating to the Company and its affairs.

During the year under review, I maintained regular engagement with the Independent and Non-Executive Directors and provided an independent channel for matters relating to Board effectiveness, governance and the performance of the Chairperson to be discussed.

In accordance with the Listing Rules, the Independent Directors met without the presence of the other Directors to discuss matters relating to the effectiveness of the Board, governance arrangements and any concerns arising from the operation of the Board. The views and recommendations arising from the meeting were communicated to the Chairman and the Board.

I also chaired a meeting of the Non-Executive Directors without the presence of the Chairperson, at which the performance of the Chairperson and matters relating to the effectiveness of the Board and governance practices were considered.

These meetings provide an important opportunity for Independent and Non-Executive Directors to express their views freely and independently and contribute to maintaining an appropriate balance between executive leadership and independent oversight.

The presence of the SID reinforces the Company's commitment to transparency, accountability and good corporate governance. Eastern Merchants PLC remains committed to complying with the mandatory requirements of the Listing Rules while continuing to adopt appropriate governance practices that enhance stakeholder confidence and support long-term value creation.

I believe that the SID mechanism has operated effectively during the year and has provided an appropriate channel for independent consideration of governance matters.

I confirm that I have discharged the responsibilities entrusted to me as Senior Independent Director in accordance with the Corporate Governance requirements of the Colombo Stock Exchange.

Mr. F. Mushin
Senior Independent Director

28th August 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

I am pleased to present the Nominations and Governance Committee Report for the financial year ended 31st March 2026.

The Nominations and Governance Committee assists the Board in matters relating to the appointment, re-appointment and succession of Directors, the composition and effectiveness of the Board and its Committees, and the overall corporate governance framework of Eastern Merchants PLC.

In compliance with the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee comprises three Independent Non-Executive Directors, namely Mrs. N. Nanayakkara (Chairperson), Mr. R. Pradeep (Member) and Mr. F. Mushin (Member). The composition of the Committee is in accordance with Rule 9.11 of the Listing Rules.

The Committee operates under written Terms of Reference approved by the Board, which define its authority, responsibilities and procedures. A formal and transparent process has been established for the identification, evaluation, appointment and re-election of Directors.

The Committee considers the qualifications, professional experience, knowledge, skills, competencies, independence, contribution and principal commitments of candidates when making recommendations to the Board. No member of the Committee participates in decisions relating to his or her own appointment.

The Committee also considers the combined experience and competencies required by the Board to effectively discharge its responsibilities. Board diversity, including experience, skills, age and gender, is considered an important factor in maintaining an effective Board and supporting the strategic requirements of the Group.

The Committee reviewed the structure, size and composition of the Board and its Committees during the year and considered the appropriate balance between Executive and Independent Non-Executive Directors. The Committee also reviewed matters relating to succession planning for the Board and Key Management Personnel.

The Committee has established processes for the periodic evaluation of the performance of the Board and the Chief Executive Officer. The Committee considers the outcome of such evaluations in determining areas requiring further attention and in making recommendations relating to Board effectiveness and succession.

Directors are required to submit themselves for re-election at regular intervals and at least once in every three years, in accordance with the applicable requirements. In making recommendations for re-election, the Committee considers the Director's contribution, performance, knowledge, experience, attendance, principal commitments and ability to continue to contribute effectively to the Board.

The Committee also reviewed the Company's corporate governance framework during the year, with particular attention to the revised Corporate Governance Rules of the Colombo Stock Exchange which became applicable to the Company. The Committee received updates on the Company's compliance with the Listing Rules, applicable laws and regulatory requirements and considered matters relating to governance policies and practices.

The Committee is satisfied that the Directors identified as Independent Non-Executive Directors meet the criteria for determining independence prescribed by the Listing Rules of the Colombo Stock Exchange, subject to the annual declarations and determination of independence by the Board.

The Company has established processes for keeping Independent Directors informed of major matters relating to the Company and the Group through Board and Committee meetings, management reports and other information provided to Directors.

During the year, the Committee reviewed the governance framework and continued to support the Board in strengthening governance practices and ensuring that the Company's governance arrangements remain appropriate for the needs of the Group.

The Committee is satisfied that it has discharged the responsibilities entrusted to it during the year under review.

The Committee's meetings and attendance for the financial year ended 31st March 2026 are set out below:

INDEPENDENT NON-EXECUTIVE DIRECTOR	ATTENDANCE
Mrs. N. Nanayakkara – Chairperson	4/4
Mr. R. Pradeep – Member	4/4
Mr. F. Mushin – Member	4/4

The Committee confirms that, based on the information available to it and subject to the disclosures contained elsewhere in this Annual Report, the Corporate Governance requirements applicable to the Company under the Listing Rules of the Colombo Stock Exchange have been complied with during the year under review.

Mrs. N.Nanayakkara
Chairperson

28th August 2026

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee Report for the financial year ended 31st March 2026.

The Audit Committee appointed by the Board of Directors comprises the three Independent Non-Executive Directors of the Company, namely Mrs. N. Nanayakkara (Chairperson), Mr. R. Pradeep (Member) and Mr. F. Mushin (Member).

Mrs. N. Nanayakkara is a Fellow Member of the Chartered Institute of Management Accountants – UK. The composition of the Committee is in compliance with the requirements of Rule 9.13 of the Listing Rules of the Colombo Stock Exchange.

The Managing Director and the Director – Finance participate in meetings of the Audit Committee by invitation. The Committee operates under written Terms of Reference approved by the Board.

During the financial year, the Audit Committee met four times to review the financial performance of the Company and the Group, the adequacy and effectiveness of internal controls, risk management processes and the financial reporting framework..

MEMBERS	FY2025/26 ATTENDANCE
Mrs. N. Nanayakkara - Chairperson	4/4
Mr. R. Pradeep - Member	4/4
Mr. F. Mushin - Member	4/4

The Committee reviewed the quarterly financial results and the annual financial statements prior to their recommendation to the Board, with particular attention to significant accounting policies, accounting estimates and judgements, unusual or significant transactions, compliance with applicable accounting standards and statutory and regulatory requirements.

The Committee also reviewed the effectiveness of the Company's internal financial controls and risk management processes and received reports from management on significant risks and the measures taken to mitigate such risks.

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.

Based on the reviews undertaken during the year, the Committee is satisfied that the Group's accounting policies and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with approved policies and that the assets of the Group are properly accounted for and adequately safeguarded.

The Committee also considered the Group's ability to continue as a going concern and reviewed the related disclosures contained in the Financial Statements.

The Committee obtained the required assurance from the Managing Director and Director – Finance regarding the operations and financial affairs of the Company and the integrity of the financial reporting process. The Committee also considered management's assessment of the adequacy and effectiveness of the Company's risk management and internal control systems.

The Committee reviewed the scope and results of the external audit and evaluated the qualifications, independence, performance and objectivity of Messrs. D.H.P. Munaweera & Co., the External Auditors of the Company.

The Committee received written confirmation from the External Auditors that they are independent of the Company and that they have complied with the relevant professional and regulatory requirements relating to independence.

Based on the declaration received, the nature and extent of services provided and the Committee's assessment of the relationship between the External Auditors and the Company, the Committee is satisfied that the independence and objectivity of the External Auditors have not been compromised.

The Committee also considered the re-appointment of the External Auditors and recommended to the Board that Messrs. D.H.P. Munaweera & Co. be retained as the Independent External Auditors of the Company for the financial year commencing 1st April 2026, subject to the approval of shareholders at the forthcoming Annual General Meeting.

The Committee is satisfied that the Company's financial reporting complies with the applicable requirements of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, the Sri Lanka Accounting Standards and other applicable financial reporting requirements.

The Committee further confirms that it has discharged its responsibilities during the year in accordance with its Terms of Reference and the requirements applicable to Audit Committees under the Listing Rules.

The Committee is satisfied that the organisational structure of the

Group and the implementation of its accounting policies, internal controls and risk management processes provide 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

28th August 2026

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 2026.

The Related Party Transactions Review Committee assists the Board in reviewing related party transactions carried out by the Company and the Group. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and the applicable regulatory requirements relating to related party transactions, while aiming to protect shareholder interests and maintain fairness and transparency.

The Committee comprises Mr. R. Pradeep (Chairperson/Independent Non-Executive Director), Mr. F. Mushin (Member/ Independent Non-Executive Director) and Mr.S.Jayakody (Member/Executive Director). The Managing Director attends meetings by invitation and the Director – Finance functions as the Secretary to the Committee.

MEMBERS	FY2025/26 ATTENDANCE
Mr. R. Pradeep - Chairman	4/4
Mr. F. Mushin - Member	4/4
Mr. S. Jayakody - Member	4/4

The principal responsibilities of the Committee include reviewing proposed related party transactions in advance, determining whether such transactions require approval of the Board or shareholders, assessing their economic and commercial substance and ensuring that transactions are entered into on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders.

The Committee may obtain such information as it considers necessary from management, employees or external parties and, where required, obtain professional or expert advice in evaluating proposed transactions.

The Committee also maintains guidelines for recurrent and non-recurrent related party transactions and reviews ongoing relationships with related parties to ensure that transactions remain appropriate and are conducted in accordance with approved guidelines.

No Director participates in discussions or decisions relating to a proposed related party transaction in which such Director is a related party, except where the Committee specifically requests the Director to provide information relating to the transaction.

During the year, the Committee reviewed the related party transactions of Eastern Merchants PLC and its subsidiary companies and communicated its comments and observations to the Board.

The Committee's review process included consideration of the nature of the relationship, the commercial rationale for the transactions, the terms and conditions, the value of the transactions and whether the transactions were entered into in the ordinary course of business and on normal commercial terms.

The Committee recognised the adequacy and quality of the information provided by management for the purpose of reviewing related party transactions.

Based on the reviews undertaken during the year, the Committee is satisfied that the related party transactions entered into by the Company and its subsidiaries were reviewed in accordance with the Company's Related Party Transactions Policy and the applicable requirements of the Listing Rules.

Based on the Group statement of financial position, the indicative threshold for disclosure of non-recurrent related-party transactions is the lower of 10% of Company equity and 5% of Company assets. At 31 March 2026, those amounts are approximately Rs. 213.94 million and Rs. 157.21 million respectively, making Rs. 157.21 million the lower indicative threshold. Since the Parent's investment of Rs. 262 million is in excess of this threshold, the following information is being disclosed in accordance with Section 9.14 of the Listing Rules of the Colombo Stock Exchange:

MATERIAL INVESTMENT IN A SUBSIDIARY

NAME OF RELATED PARTY	RELATIONSHIP	VALUE OF TRANSCATION RS. '000	VALUE OF TRANSCATION AS A % OF EQUITY AND TOTAL ASSETS	TERMS AND CONDITIONS OF TRASNACTION	RATIONALE FOR ENTERING INTO TRANSACTION
Eastern Harvest (Pvt) Ltd.	Eastern Harvest (Pvt) Ltd. is a wholly owned subsidiary of Eastern Merchants PLC.;	262,000	As a% of Equity - 12.25% As a % of Total Assets – 8.33%	Purchase of 26,200,000 ordinary voting shares prices at Rs. 10 per share	To acquire property for a greenhouse project of Eastern Harvest (Pvt) Ltd.

The Committee is satisfied that it has discharged the responsibilities entrusted to it during the year under review.

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

28th August 2026

REMUNERATION COMMITTEE REPORT

I am pleased to present the Remuneration Committee Report for the financial year ended 31st March 2026.

The purpose of the Remuneration Committee is to assist and advise the Board on matters relating to the remuneration of the senior management of the Company, including Executive Directors. The Committee is responsible for ensuring that Eastern Merchants observes coherent remuneration policies and practices which enable the Company to attract, motivate and retain key personnel who are vital to the success of the Company and the interests of shareholders.

In compliance with the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee comprises Non-Executive Directors, with a majority being Independent Non-Executive Directors and an Independent Director appointed as Chairperson.

The Committee operates under written Terms of Reference approved by the Board and is committed to the principles of accountability, transparency, fairness and performance-based remuneration.

The Committee's remuneration policy is designed to ensure that remuneration levels are appropriate in relation to the responsibilities of the position, individual performance, Company performance, prevailing market conditions and the need to attract and retain suitably qualified personnel.

No Director participates in determining his or her own remuneration.

The Committee met four times during the financial year.

MEMBERS	**FY2025/26 ATTENDANCE**
Mr. F. Mushin - Chairman	4/4
Mr. R. Pradeep - Member	4/4
Mrs. N. Nanayakkara - Member	4/4

The Committee reviewed the remuneration packages of the senior management during the year and considered them to be appropriate having regard to the responsibilities of the respective positions, individual performance and the financial performance of the Group.

We firmly believe that one of the most valuable assets we possess is our human capital. Fair and equitable remuneration remains an important element of our corporate culture and contributes towards motivating and retaining employees who are critical to the continued success of the Group.

Staff remuneration comprises fixed and, where applicable, variable components. Variable remuneration is linked to individual and Company performance. Salaries and other benefits are reviewed periodically with due consideration to prevailing market conditions and industry practices.

The remuneration policy seeks to ensure that remuneration levels remain sufficiently competitive to enable the Group to attract, motivate and retain its employees while maintaining appropriate cost discipline.

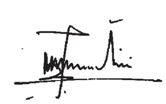
All Non-Executive and Independent Directors receive fees for serving on the Board and Board Committees and do not receive salaries or performance-related incentive payments.

During the year under review, the Committee considered the Company's financial performance when reviewing remuneration and incentive arrangements. An increment and a nominal bonus was given to executive and non-executive staff in line with their performance rating and as per the policy.

The Committee also recommended to the Board the remuneration payable to the Executive Directors and senior management, in accordance with the Company's remuneration policy and the requirements of the Listing Rules.

The aggregate remuneration paid to Executive and Non-Executive Directors during the financial year is disclosed in the Financial Statements.

The Committee is satisfied that the remuneration arrangements of the Company are appropriate and consistent with the Company's remuneration policy and the requirements of the Listing Rules of the Colombo Stock Exchange.



Mr. F. Mushin
Chairman - Remuneration Committee

28th August

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

As per the requirements of the Companies Act No. 07 of 2007, the Directors of Eastern Merchants PLC are responsible for the preparation and presentation of the Financial Statements of the Company and the Group 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, while the responsibilities of the External Auditors are set out in the Independent Auditors' Report contained in this Annual Report.

The Directors are required to provide the External Auditors with every opportunity to take whatever steps are necessary to enable them to form their audit opinion and have complied accordingly. The opinion of the External Auditors on the Financial Statements is set out in their Independent Auditors' Report.

The Directors are responsible under Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 07 of 2007 for ensuring compliance with the requirements set out therein in the preparation of 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 or loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act, for ensuring that proper accounting records are maintained, enabling the determination, preparation and presentation of Financial Statements which give an accurate and impartial view of the financial position, financial performance and cash flows of the Company and the Group.

The Financial Statements comprise the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements, including the significant accounting policies.

In preparing the Financial Statements, the Directors are responsible for ensuring that:

- appropriate accounting policies are selected and applied consistently, except where otherwise disclosed in the Notes to the Financial Statements;
- reasonable and prudent judgements and estimates are made;
- applicable Sri Lanka Accounting Standards are complied with;
- adequate accounting records are maintained to safeguard the assets of the Company and the Group and to prevent and detect fraud, material misstatements and other irregularities;
- the Financial Statements are prepared on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business; and
- the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange relating to financial reporting are complied with.
- The Directors have taken reasonable steps to safeguard the assets of the Company and the Group and, in this regard, have given due consideration to the establishment and maintenance of appropriate systems of internal control and risk management.

The Directors have reviewed the effectiveness of the internal control and risk management systems through the Company's governance and management processes and have received the necessary assurances from Management and the Audit Committee.

The Directors confirm that, to the best of their knowledge, the Financial Statements give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company and the Group for the year ended 31st March 2026.

The Directors further confirm that, to the best of their knowledge, all statutory payments relating to employees, government institutions and other statutory bodies that were due in respect of the Company and the Group have been paid or adequately provided for.

The Board also confirms that the Company has complied with the applicable requirements of the Listing Rules of the Colombo Stock Exchange relating to financial reporting and corporate governance.

The Board, based on the information available to it and the review undertaken by the Related Party Transactions Review Committee, confirms that the related party transactions entered into during the year were reviewed in accordance with the applicable Related Party Transactions Policy and the Listing Rules of the Colombo Stock Exchange. Transactions exceeding the threshold limits were disclosed accordingly and in full.

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and, accordingly, the Financial Statements have been prepared on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the integrity and objectivity of these Financial Statements and confirm that they have discharged their responsibilities in accordance with the requirements of the Companies Act No. 07 of 2007, applicable Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.

Mr. S. Jayakody,
FCA, FCMA
Director - Finance / Company Secretary, by order of the Board

28th August 2026

PRINCIPAL ACTIVITIES OF THE GROUP

GROUP COMPANY	PRINCIPAL BUSINESS ACTIVITY	REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS
Eastern Merchants PLC	Export and trading of traditional and non-traditional commodities; natural rubber, agricultural products	240, Torrington Avenue, Colombo 07, Sri Lanka
Eamel Exports (Pvt) Ltd.	Leisure-related and service activities	240, Torrington Avenue, Colombo 07, Sri Lanka
Eastern Harvest (Pvt) Ltd.	Agricultural produce, fresh produce and related export activities [	240, Torrington Avenue, Colombo 07, Sri Lanka
Eastern Merchants Commodities (Pte) Ltd.	Import and export of traditional and non-traditional products	20 Cecil Street, #05-03 Plus, Singapore 049705
Microcells (Pvt) Ltd.	Manufacture and export of technical rubber sheeting, matting, flooring and related rubber products	240, Torrington Avenue, Colombo 07; Manufacturing operations at Piliyandala, Sri Lanka

DIRECTORS OF GROUP COMPANIES

The Group-director matrix is as below.

DIRECTOR	EM PLC	EAMEL	HARVEST	EMC	MICROCELLS
J. B. L. de Silva	Yes	Yes	Yes	Yes	Yes
H. J. de Silva	Yes	Yes	Yes	Yes	Yes
C. S. L. de Silva	Yes	Yes	Yes	Yes	Yes
S. Jayakody	Yes	Yes	Yes	Yes	Yes
R. Pradeep	Yes	–	–	–	–
N. Nanayakkara	Yes	–	–	–	–
F. Mushin	Yes	–	–	–	–
G. R. J. de Silva	Yes	Yes	Yes	–	Yes

INDEPENDENT AUDITOR'S REPORT

D H P

D.H.P. MUNAWEERA & CO.
Chartered Accountants.
Serving the Profession Since 1932

No. 5/6, Police Park Terrace,
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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 2026 and the Statement of Profit or Loss, Statement of 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 2026 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 (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the 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 judgement, 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	How our audit addressed the key audit matter
Assessment of fair value of Land and Buildings **Why the matter was considered to be a Key Audit Matter** The Company's Land and Buildings represent a significant portion of its total assets. The latest valuation of the Land and Buildings was carried out by an independent professional valuer during 2024. No subsequent valuation was carried out up to 31 March 2026, and the Directors have not obtained or prepared an estimate of the fair value of the Land and Buildings as at the reporting date.	Our audit procedures included, among others: ▪ We obtained and reviewed the latest professional valuation report issued in 2024 and assessed the valuation methodology and the underlying significant assumptions used by the professional valuer. ▪ We verified the ownership and existence of significant Land and Buildings through inspection of relevant title deeds and other supporting documentation.

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Key audit matter	How our audit addressed the key audit matter
The determination of the current value of Land and Buildings involves significant judgement and estimation, particularly considering movements in property market values since the date of the latest valuation. Management is of the view that there has been no impairment in the carrying value of the Land and Buildings as at 31 March 2026 and that any potential movement in value is expected to be a slight increase. Accordingly, no adjustment has been made to the carrying amounts of the Land and Buildings in the financial statements for the year ended 31 March 2026. Management intends to obtain a further professional valuation at the end of the following financial year. Given the significance of the Land and Buildings to the financial statements and the judgement involved in assessing whether the carrying amounts remain appropriate in the absence of a current valuation, we considered this matter to be a Key Audit Matter.	Our audit procedures included, among others: ▪ We assessed whether there were any indicators of impairment of the Land and Buildings as at 31 March 2026, including considering the condition and utilisation of the properties and available information regarding movements in property values. ▪ We held discussions with the Directors and management regarding the absence of a valuation as at 31 March 2026 and their assessment that there has been no impairment in the carrying value of the Land and Buildings. ▪ We evaluated the reasonableness of management’s assessment in light of available market information and other relevant evidence obtained during the audit. ▪ We considered the adequacy of the disclosures in the financial statements relating to the carrying amounts of Land and Buildings, the absence of a current valuation and management’s assessment of impairment. ▪ Based on the audit procedures performed and the evidence obtained, we found management’s assessment regarding the carrying amounts of the Land and Buildings to be reasonable for the purposes of the financial statements for the year ended 31 March 2026
Interest-Bearing Loans and Borrowings **Why the matter was considered to be a Key Audit Matter** As at 31 March 2026, the Company’s total interest-bearing loans and borrowings amounted to Rs. 258 million, representing approximately 82% of the Company’s total liabilities. At Group level, total interest-bearing loans and borrowings amounted to Rs. 646 million, representing approximately 64% of the Group’s total liabilities. The interest-bearing loans and borrowings comprise a number of financing arrangements with different lenders and are subject to various terms and conditions, including compliance with multiple financial and non-financial covenants. The assessment of compliance with these covenants requires management to monitor and assess the terms of the respective loan agreements and the Company’s and Group’s financial performance against the applicable covenant requirements.	Our audit procedures included, among others: ▪ We obtained and reviewed the loan agreements and other relevant financing documentation for significant borrowings to understand the key terms, repayment conditions, interest rates, security arrangements and applicable financial and non-financial covenants. ▪ We obtained confirmations directly from the relevant banks and financial institutions and reconciled the confirmed balances to the accounting records as at 31 March 2026. ▪ We assessed the classification of borrowings between current and non-current liabilities based on the contractual repayment terms and the applicable requirements of the relevant financial reporting standards. ▪ We evaluated management’s assessment of compliance with the financial and other covenants applicable to the respective borrowing arrangements as at 31 March 2026. ▪ We independently recalculated selected covenant ratios and tested the underlying financial information used in the covenant calculations to supporting accounting records and audited financial statements.

INDEPENDENT AUDITOR'S REPORT

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Key audit matter	How our audit addressed the key audit matter
Given the significance of the borrowings to the financial position of the Company and the Group, the number of borrowing arrangements and the multiple covenant requirements, we considered the interest-bearing loans and borrowings to be a Key Audit Matter.	■ We reviewed correspondence with lenders and financial institutions to identify any actual or potential breaches of loan covenants, waivers, amendments or changes to the terms of borrowing arrangements. ■ Where applicable, we assessed the implications of any covenant breaches on the classification of borrowings and considered whether the related disclosures in the financial statements were adequate. ■ We assessed the adequacy and appropriateness of the disclosures relating to interest-bearing loans and borrowings, including the significant terms, maturity profiles, security and covenant-related matters. Based on the audit procedures performed, we found the recognition, measurement, classification and disclosure of the interest-bearing loans and borrowings to be appropriate and consistent with the underlying loan agreements and applicable financial reporting requirements.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2025/2026 ANNUAL REPORT

Other Information consists of the information included the Annual Report, other than the Financial Statements and our auditor's report thereon. The Management is responsible for the other information

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

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

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

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

In preparing the Financial Statements, Management is responsible for assessing the 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 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 SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and the Group.
- 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 Group'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 Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3820.

D.H.P. MUNAWEERA & COMPANY
CHARTERED ACCOUNTANTS

Colombo

28th August 2026
JP/cr

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March		COMPANY		GROUP	
	Notes	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Continuing Operations					
Revenue	3	1,351,485	1,170,014	2,727,997	2,799,891
Cost of Sales		(1,237,730)	(1,093,813)	(2,335,260)	(2,491,742)
Gross Profit		113,755	76,201	392,736	308,149
Other Operating Income	4	35,833	613	34,787	833
		149,588	76,814	427,522	308,982
Administrative Expenses		(105,726)	(82,423)	(303,010)	(284,739)
Distribution Expenses		(31,728)	(36,259)	(101,561)	(140,848)
Profit / (Loss) from Operations		12,134	(41,868)	22,952	(116,606)
Finance Expenses	5	(14,885)	(11,838)	(46,999)	(64,634)
Finance Income	6	19,076	27,645	4,678	31,612
Profit/ (Loss) before Taxation	7	16,324	(26,062)	(19,369)	(149,628)
Taxation	8	(29,640)	19,807	(26,345)	35,353
Profit/ (Loss) for the year		(13,316)	(6,255)	(45,713)	(114,274)
Attributable to					
Equity Holders of the Parent				(48,194)	(115,309)
Non Controlling Interest				2,481	1,034
Profit/ (Loss) for the year				(45,713)	(114,274)
Basic loss per Share - Basic - Rs.	9	-	-	(0.41)	(0.98)
Dividend per Share - Rs.	10	-	-	-	-

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 form an integral part of the Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	COMPANY		GROUP	
For the year ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Profit/(Loss) for the year	(13,316)	(6,255)	(45,713)	(114,274)
Other Comprehensive Income				
Other Comprehensive Income to be Re-classified to Income Statement in subsequent year				
Currency translation of Foreign Operations	-	-	292	4,515
Net Other Comprehensive Income to be re-classified to Income Statement in subsequent year	-	-	292	4,515
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	-	-	30,100	(442)
Revaluation Reserve / (Reversal) Relating to Revaluation of PPE	-	-	-	-
Re-measurement Gain / (Loss) on Defined Benefit Plans	533	(7,551)	(937)	(18,643)
Net Other Comprehensive Income not to be re-classified to Income Statement in subsequent year	533	(7,551)	29,162	(19,086)
Tax on Other Comprehensive Income				
Net Income Tax Charge / (Reversal) Relating to Revaluation of PPE	-	-	(758)	(5,344)
Net Income Tax Charge / (Reversal) Relating to Defined Benefit Plans	(2,425)	1,849	461	(1,218)
Other Comprehensive Income for the year, net of Tax	(1,892)	(5,703)	29,158	(21,132)
Total Comprehensive Income for the year, net of Tax	(15,208)	(11,957)	(16,555)	(135,406)
Attributable to				
Equity Holders of the Parent			(28,970)	(134,519)
Non Controlling Interest			12,413	(888)
Total Comprehensive Income for the year			(16,555)	(135,406)

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March		COMPANY		GROUP	
		2026	2025	2026	2025
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets					
Non-Current Assets					
Property, Plant & Equipment	11	420,576	307,390	2,087,749	1,734,639
Right-of use Assets	11.5	-	-	-	-
Intangible Assets	12	-	-	4,232	6,667
Investments in Subsidiaries	13	1,042,901	780,901	-	-
Non-Current Financial Assets	14	-	-	-	30,940
Deferred Tax Assets	23	-	12,420	2,030	13,765
		1,463,476	1,100,710	2,094,012	1,786,011
Current Assets					
Inventories	15	142,616	102,758	546,285	397,701
Trade & Other Receivables	16	114,134	79,962	296,555	200,136
Other Current Assets	17	95,941	29,512	159,708	83,015
Amounts due from Related Parties	18	31,980	217,664	-	-
Cash in hand & At Bank	19	3,634	178,299	47,554	279,192
		388,304	608,195	1,050,103	960,043
Total Assets		1,851,781	1,708,906	3,144,114	2,746,055
Equity & Liabilities					
Capital & Reserves					
Stated Capital	20	16,778	16,778	16,778	16,628
Revenue Reserves	21	1,424,913	1,440,120	1,731,594	1,759,500
Other Components of Equity	22	95,384	95,384	354,584	349,632
		1,537,074	1,552,282	2,102,956	2,125,760
Non Controlling Interest		-	-	36,462	24,048
Total Equity		1,537,074	1,552,282	2,139,418	2,149,808
Non-Current Liabilities					
Deferred Tax Liabilities	23	19,645		202,987	190,728
Interest Bearing Borrowings	24	-	-	12,073	30,828
Retirement Benefit Obligations	25	27,946	25,997	54,170	47,448
		47,592	25,998	269,230	269,005

As at 31st March		COMPANY		GROUP	
		2026	2025	2026	2025
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Liabilities					
Trade & Other Payables	26	8,496	4,769	99,039	31,048
Other Current Liabilities	27	-	2,445	1,690	3,342
Income Tax Payable	28	-	-	715	816
Interest Bearing Borrowings	24	225,000	82,400	509,748	211,136
Bank Overdrafts	24.1.2	33,617	41,014	124,273	80,901
		267,113	130,628	735,466	327,243
Total Equity & Liabilities		1,851,781	1,708,906	3,144,114	2,746,054

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 & Signed for and on behalf of the Board by,

J.B.L. De Silva
Chairman
28th August 2026

C.S.L. De Silva
Managing Director

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Attributable to Equity Holders of Parent							
	Stated Capital	Re-valuation Reserves	Fair Value Reserve of Financial Assets at FVOCI	Operation from Foreign Currency	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 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)	(15,208)
Revaluation Reserve on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	(296)	-	4,515	(134,590)	(130,371)	888	(129,483)
Dividend Paid to Equity Holders of the Parent	-	-	-	-	-	-	-	-
Acquisition of Minority Interest	-	-	-	-	-	-	-	-
Balance as at 31st March 2025	16,628	329,658	(4,661)	24,635	1,759,500	2,125,909	24,048	2,149,807
Profit/(Loss) for the year	-	-	-	-	(48,194)	(48,194)	2,481	(45,713)
Other Comprehensive Income	-	-	20,167	292	-	20,459	9,933	30,392
Revaluation Reserve on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	20,167	292	(48,194)	(27,735)	12,413	(15,321)
Cross-holding adjustment	150					150	-	150
Gain on Disposal of Cross-holding	-	-	-	-	4,781	4,781	-	4,781
Disposal FVOCI Investments	-	-	(15,507)	-	15,507	-	-	-
Dividend Paid to Equity Holders of the Parent	-	-	-	-	-	-	-	-
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-
Balance as at 31st March 2026	16,778	329,658	-	24,927	1,731,594	2,102,956	36,462	2,139,418

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 form an integral part of the Financial Statements.

STATEMENT OF CHANGE IN EQUITY - COMPANY

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2024	16,778	95,384	1,452,076	1,564,238
Net Profit/ (Loss) for the year	-	-	(6,255)	(6,255)
Other Comprehensive Income	-	-	(5,703)	(5,703)
Total Comprehensive Income	-	-	(11,956)	(11,956)
Reversal of Revaluation Reserve for Assets Disposed	-	-	-	-
Dividend Paid	-	-	-	-
Balance as at 31st March 2025	16,778	95,384	1,440,120	1,552,282
Net Profit/ (Loss) for the year	-	-	(13,316)	(13,316)
Other Comprehensive Income	-	-	(1,892)	(1,892)
Total Comprehensive Income	-	-	(15,207)	(15,207)
Dividend Paid	-	-	-	-
Balance as at 31st March 2026	16,778	95,384	1,424,913	1,537,075

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For The Year Ended 31st March	Note	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Cash Flows From Operating Activities					
Operating Profit/(Loss) before Working Capital Changes	A	20,140	(30,925)	85,973	(51,061)
(Increase)/Decrease in Inventories		(39,858)	(38,716)	(148,585)	78,732
(Increase)/Decrease in Debtors & Other Receivables		(34,172)	30,662	(96,420)	42,004
Increase/(Decrease) in Amounts due from/due to Related Parties		185,684	(193,001)	-	64,970
(Increase)/Decrease in Other Current Assets		(64,720)	4,599	(74,985)	(7,273)
Increase/(Decrease) in Other Current Liabilities		(2,445)	(7,217)	(1,651)	(12,694)
Increase/(Decrease) in Trade & Other Payables		3,727	418	67,992	(95,005)
Cash Generated from Operations		68,356	(234,180)	(167,677)	19,673
Finance Costs Paid		(14,885)	(10,544)	(46,999)	(64,634)
Defined Benefit Plan Cost Paid		(1,733)	(1,711)	(4,511)	(2,120)
Income Tax Paid		(1,708)	(607)	(2,939)	(1,308)
Cash Flows From/ (Used in) Operating Activities		50,029	(247,042)	(222,125)	(48,389)
Cash Flows From/ (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(129,480)	(2,299)	(417,222)	(55,025)
Acquisition of Intangible Assets		-	-	(2,767)	(1,805)
Proceeds from Sale of Property, Plant & Equipment		12,500	-	16,597	-
Settlement of Liabilities of Discontinued Operations		-	-	-	-
Finance Income		19,076	27,645	4,678	27,645
Proceeds from withdrawal of fixed deposits & Other Deposits		-	439,244	-	439,699
Investment in Subsidiaries		(262,000)	(48,968)	-	(48,431)
Cash Flows From/ (Used in) Investing Activites		(359,898)	415,622	(398,714)	362,083
Cash Flows From/ (Used in) Financing Activities					
Dividend Paid		-	-	-	-
Treasury-share sale proceeds		-	-	65,971	-
Proceeds from Interest Bearing Borrowings		575,900	387,611	980,750	667,188
Re-payment of Interest Bearing Borrowings		(433,300)	(372,149)	(700,893)	(760,244)
Net Cash Flows from/ (used in) Financing Activities		142,600	15,462	345,828	(93,056)
Net Increase/(Decrease) in Cash & Cash Equivalents		(167,268)	184,042	(275,011)	220,638
Cash & Cash Equivalent at the beginning of the year		137,285	(46,756)	198,291	(22,347)
Cash & Cash Equivalents at the end of the year		(29,984)	137,285	(76,720)	198,291
Cash & Cash Equivalents					
Cash in hand & At Bank		3,634	178,299	47,554	279,192
Bank Overdrafts		(33,617)	(41,014)	(124,273)	(80,901)
Cash and Cash Equivalents at the end of the year		(29,984)	137,285	(76,720)	198,291

For The Year Ended 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Note A - Operating Profit/ (Loss) before Working Capital Changes				
Profit/(Loss) before Tax	16,324	(26,062)	(19,369)	(149,628)
Adjustments for,				
Finance Income	(19,076)	(27,645)	(4,678)	(31,612)
Finance Costs	14,885	11,838	46,999	64,634
Depreciation	15,309	7,386	63,123	57,348
Amortization	-	-	1,120	1,667
(Profit)/Loss on Sale of Property, Plant & Equipment	(11,518)	-	(11,518)	-
(Gain)/ Loss on Currency Translation of Foreign Operations	-	-	-	-
Profit for Share Disposable	-	-	-	-
Provision for Gratuity	4,215	3,557	10,295	6,529
Operating Profit/ (Loss) before Working Capital Changes	20,140	30,925	85,973	(51,061)

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 40 to 82 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 40 to 82 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 (Private) Limited	Leisure Sector
Eastern Harvest (Private) Limited	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 185 (2025 - 198).

1.6 Approval of Financial Statements

The Financial Statements for year ended 31st March 2026 were authorized for issue by the Board of Directors on 28th August 2026.

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 2026, 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 2026. 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 unrealized 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 (Private) Limited	67.00
Eastern Harvest (Private) Limited *	100.00
Eastern Merchants Commodities (Pte) Limited	100.00
Microcells (Private) Limited	100.00

Loss of Control
If the Group loses control over a subsidiary, it derecognizes 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.

Changes of Investments - Disposal of Cross-holding
In prior years, a subsidiary of the Company held shares in the Parent Company which had been acquired prior to the commencement of the Companies Act No. 7 of 2007. The subsidiary was permitted to continue to hold such shares in accordance with the transitional provisions relating to cross-holdings.

For the purposes of the consolidated financial statements, the shares held by the subsidiary in the Parent Company were treated as a crossholding within the Group and the corresponding amount was deducted from Group equity.

During the year, the subsidiary disposed of all of its shares in the Parent Company to external parties. Consequently, there is no longer any cross-holding of the Parent Company's shares within the Group as at the reporting date. Accordingly, the previous deduction relating to the cross-holding has been eliminated and the Group's stated capital as at the reporting date represents the stated capital of the Parent Company.

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

1.9 Responsibility for Financial Statements
The responsibility of the Board of Directors in relation to the Financial Statements is set out as follows.
The Directors are required to confirm that the financial statements have been prepared

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

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

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

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

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

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

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take

NOTES TO THE FINANCIAL STATEMENTS

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, at initial recognition, as subsequently measured at amortised cost , fair value through profit or loss and fair value through other Comprehensive Income 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	
	2026	2025	2026	2025
Dollar (USD)	306.35	302.25	304.55	299.78

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 recognized in Other Comprehensive Income relating to that particular foreign operation is recognized 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 recognized in the period in which the estimates are revised and in any future period affected. The most significant uses of judgements and estimates are as follows:

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

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

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

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

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

2.3.1 Taxation

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

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- 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.

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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 recognized amount of any non-controlling interests in the acquiree, less the net recognized 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 recognized amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognized 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 recognized 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 recognized 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 recognized in the Income Statement, 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 recognized in Profit or Loss

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

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

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

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

2.8 Investment in Equity Accounted Investees

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

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

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

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

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

2.9 Assets & Bases of their Valuation

2.9.1 Property, Plant & Equipment

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

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

All items of Property, Plant & Equipment are initially recognized at cost. A

NOTES TO THE FINANCIAL STATEMENTS

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 recognized as an expense. In these circumstances, the increase is recognized 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 recognized 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 recognized 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 derecognized. The costs of day-to-day servicing of property, plant & equipment are recognized 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 recognized 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 derecognized. 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 derecognized upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognized 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 recognized 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 capitalized development costs, are not capitalized, 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 recognized 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 recognizes 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 recognized in the Profit or Loss. Right of use assets are subject to impairment.

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

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

Finance Leases

Assets held under finance leases are initially recognized 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 recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized 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.

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The cost of each category of inventory is determined on the following basis:

(a) Raw Materials
At actual cost on weighted average cost basis.

(b) Finished Goods & Work-in-Progress At the cost of direct materials, direct labor and the
Appropriate proportion of fixed variable & production overheads based on normal operating capacity.

(c) Packing Materials
At actual cost on weighted average cost basis

(d) Consumables & Spares
At actual cost on weighted average cost basis

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

2.9.7 Financial Instruments - Financial Assets
2.9.7.1 Financial Instruments - Initial Recognition and Subsequent Measurement
Financial assets within the scope of SLFRS 9 are classified as 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
  And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

2.9.7.4 Financial Assets at Fair Value through OCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual Cash Flows and selling.
  And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 income statement.

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 recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

2.9.7.5.2 Financial Assets at Fair Value through Profit or Loss

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

Financial assets at fair value through Profit or Loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognized 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 recognized 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 recognized 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 recognized 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

2.9.8.2 Subsequent Measurement

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

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

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

Gains or losses on liabilities held for trading are recognized in the statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

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 recognized in Profit or Loss when the liabilities are derecognized 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 derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize 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 recognized 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 recognized 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 recognized 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 recognized immediately in Other Comprehensive Income this was previously recognized 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 recognized 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 recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity or Other Comprehensive Income, in which case it is recognized 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 recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 recognized 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 recognized as a reduction of revenue as the sales are recognized.

2.16.3 Rendering of Services
Revenue from the rendering of services is recognized 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 recognized 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 recognized 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 recognized 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 recognized by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognized net within 'other income' in the Statement of Profit and Loss.

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

2.18 Events after the Reporting Date
There have been no events subsequent to the reporting date, which require disclosure in the financial statements but the Company has been closely monitoring the impact of the ongoing Economic Crisis in the Country on the Company's business operations.

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

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

2.21 Determination of Fair Value
A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, based on the following methods. When applicable,

further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

2.21.1 Land & Buildings

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

2.21.2 Investments in Equity Securities

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

2.21.3 Non-derivative Financial Liabilities

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

2.22 New Accounting Standards (SLFRS/LKAS) Issued but not yet Effective as at the Reporting date

New and amended accounting standards issued up to the date of authorization of these financial statements, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, where applicable, upon becoming effective.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations.
In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

SLFRS 19 Subsidiaries without public accountability: Disclosures.

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

For the year Ended 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Export	1,351,485	1,170,014	2,672,554	2,784,646
Local Sales	-	-	36,512	5,985
Services	-	-	18,931	9,261
	1,351,485	1,170,014	2,727,997	2,799,891

4 OTHER OPERATING INCOME

For the year Ended 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Profit on Sale of Property, Plant & Equipment	11,518	-	11,518	118
Exchange Gains	15,315	613	23,152	715
Management Fee	9,000	-	-	-
Sundry Income	-	-	117	-
	35,833	613	34,787	833

5 FINANCE EXPENSES

For the year Ended 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Interest on Borrowings & Charges	14,885	11,838	46,999	64,634
	14,885	11,838	46,999	64,634

6 FINANCE INCOME

For the year Ended 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Interest Income	19,076	27,645	4,678	31,612
	19,076	27,645	4,678	31,612

7 PROFIT BEFORE TAX

Profit before Tax is stated after charging all Expenses including the following;

For the year Ended 31st March	Notes	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Directors' Emoluments		11,980	11,368	29,965	30,506
Costs of Defined Employee Benefits					
Defined Benefit Plan Cost - Gratuity		4,215	3,557	10,295	6,529
Defined Benefit Plan Cost - E.P.F. & E.T.F.		3,919	3,858	17,528	17,318
Staff Expenses		54,982	40,683	158,579	154,537
Depreciation of Property, Plant & Equipment		15,309	8,681	63,123	59,278
Amortization		-	-	1,119	1,667
Auditors' Remuneration -					
Audit Fees		1,655	1,560	2,735	3,217
Non Audit Fees		320	895	320	320
Charity & Donations		485	390	745	669

8 INCOME TAX EXPENSES

The Major Components of Income Tax Expenses are as follows:

For the year Ended 31st March	Notes	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Current Income Tax Charge					
Current Income Tax Charge	8.1	-	-	1,129	1,028
Disallowed Vat		-	-	-	10,936
Additional Assessment of Income Tax		-	-	-	-
Deferred Tax Charge /(Release)					
Relating to Origination & Reversal of Temporary Differences	8.2	29,640	(19,807)	25,216	(47,317)
Income Tax Expenses/ (Reversal) Reported in the Income Statement		29,640	(19,807)	26,345	(35,353)

NOTES TO THE FINANCIAL STATEMENTS

8 INCOME TAX EXPENSES (CONTD.)

8.1 Reconciliation between Current Tax Charge and the Accounting Profit

	COMPANY		GROUP	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Profit/(Loss) before Tax	16,324	(26,062)	(19,369)	(149,628)
Profit after Adjustments	16,324	(26,062)	(19,369)	(149,628)
Non - Deductible Expenses	20,009	12,068	65,922	13,633
Income not Liable for Income Tax	(20,409)	(2,157)	(25,340)	(8,653)
Other Sources of Income	(19,076)	(63,047)	(22,979)	(66,477)
Deductible Expenses	(213)	(10,104)	(1,599)	7,062
Adjusted Profit/ (Loss) on Trade Business	(3,365)	(89,302)	(3,365)	(204,064)
Other Sources of Income	19,076	63,047	22,979	63,047
Assessable Income	15,711	(26,255)	19,614	63,047
Unrelieved Loss Claimed	(15,711)	(65,992)	(15,852)	(65,992)
	-	(92,246)	3,762	(2,945)
Deduction from Assessable Income	-	-	-	-
Taxable Income	-	(92,246)	3,762	(2,945)
Tax on Taxable Income				
Income Tax Over/(Under) Provisions in Previous years	-	-	-	-
Income Tax on Standard Rate 30%	-	-	1,129	1,028
Current Tax Charge	-	-	1,129	1,028

8.2 Deferred Tax Expenses

	COMPANY		GROUP	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Deferred Tax Expenses arising from;				
Accelerated Depreciation for Tax Purposes	1,344	521	1,084	14,533
Revaluation of Investment Property to Fair Value	(923)	4,239	13,523	4,239
Retirement Benefit Obligation	(3,010)	(970)	(7,328)	(1,775)
Reversal/(Benefit) arising from Tax Losses	32,230	(23,596)	17,937	(64,314)
Deferred Tax Charged directly to Income Statement	29,640	(19,807)	25,216	(47,317)
Other Comprehensive Income				
Deferred Tax Expenses arising from;				
Actuarial Losses on Defined Benefit Obligations	(2,425)	(1,849)	461	(1,559)
Revaluation of Land & Building to Fair Value	-	-	758	5,344
Total Deferred Tax Charged/ (Credited) directly to OCI	(2,425)	(1,849)	1,219	3,786

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

8.3 Applicable Rates of Income Tax

The tax liability of the Group Companies are computed at the standard rate of 30% except for the following Company

Company	**Concession**	**Period**
Eastern Merchants Commodities (Pte) Limited	17%	Open Ended

9 BASIC LOSS PER SHARE

Basic loss 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 Loss per share computation.

	GROUP	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**
Amount used as the Numerator		
Net Profit/(Loss) Attributable to Ordinary Shareholders (In Rs. '000)	(48,194)	(115,309)
Amount used as the Denominator		
Weighted Average Number of Ordinary Shares (In '000)	117,446	117,446
Basic Earning per Share (Rs.)	(0.41)	(0.98)

There were no potentially dilutive Ordinary Shares outstanding at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS

10 DIVIDEND PER SHARE

For the year Ended 31st March	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
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	113,026
Dividend Per Share (Rs)	-	-

11 PROPERTY, PLANT & EQUIPMENT

11.1 Company

11.1.1 Cost / Revaluation

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2025	229,970	61,529	12,769	60,221	4,300	9,902	9,236	8,006	395,933
Additions	-	-	-	129,038	-	-	-	442	129,480
Revaluation	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-		-	(11,744)	-	-	-	-	(11,744)
As at 31st March 2026	229,970	61,529	12,769	177,515	4,300	9,902	9,236	8,448	513,669

11.1.2 Depreciation

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2025	-	3,077	12,769	46,248	4,299	7,138	7,683	7,329	88,543
Charge for the year	-	3,077	-	10,841	-	662	530	199	15,309
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-		-	(10,762)	-	-	-	-	(10,762)
As at 31st March 2026	-	6,153	12,769	46,327	4,299	7,800	8,213	7,528	93,090

11.1.3 Net Book Value

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 31st March 2026	229,970	55,376	(0)	131,187	1	2,102	1,023	920	420,576
As at 31st March 2025	229,970	58,452	(0)	13,973	1	2,764	1,552	677	307,390

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	2026 Cost Rs.'000	2026 Accumulated Depreciation Rs.'000	2026 Net Book Value Rs.'000	2025 Cost Rs.'000	2025 Accumulated Depreciation Rs.'000	2025 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	(5,692)	8,143	13,835	(5,240)	8,595
Add: Addition during the year	-	-	-	-	-	-
Less: Depreciation for the year		(452)			(452)	
Less: Cost of Building Disposed	-	-	-	-	-	-
Balances at the end of the Year	13,835	(6,145)	7,690	13,835	(5,692)	8,143
Total	159,089	(6,145)	152,944	159,089	(5,692)	153,397

11.1.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.129..4 Mn (2025 - Rs. 55Mn). Cash Payments Amounting to Rs.129.4Mn (2025- Rs. 55 Mn) were made during the year for purchase of Property, Plant & Equipment.

11.1.6 Property, Plant & Equipment includes fully Depreciated Assets having Gross carrying Value of Rs. 102Mn (2025 - Rs. 115Mn .)

NOTES TO THE FINANCIAL STATEMENTS

11 PROPERTY, PLANT & EQUIPMENT (CONTD.)

11.2 Group

11.2.1 Cost / Revaluation

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2025	1,011,932	293,327	496,463	108,115	21,668	20,404	197,109	27,739	2,176,756
Additions	263,569	-	11,734	129,038	25	-	11,540	1,316	417,222
Revaluation	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(11,744)	-	-	-	-	(11,744)
As at 31st March 2026	1,275,501	293,326	508,198	225,409	21,693	20,404	208,649	29,054	2,582,234

11.2.2 Depreciation

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 01st April 2025	-	16,918	191,526	98,336	20,249	16,167	73,670	25,252	442,117
Charge for the year	-	8,046	34,787	16,192	157	913	2,261	773	63,129
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(10,762)	-	-	-	-	(10,762)
As at 31st March 2026	-	24,964	226,313	103,766	20,406	17,080	75,932	26,026	494,484

11.2.3 Net Book Value

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Furniture & Fittings Rs.'000	Office Equipment Rs.'000	Stores & Other Equipment Rs.'000	Computer Hardware Rs.'000	Total Rs.'000
As at 31st March 2026	1,275,501	268,362	281,885	121,643	1,287	3,324	132,717	3,030	2,087,749
As at 31st March 2025	1,011,932	276,409	304,937	9,779	1,419	4,237	123,438	2,487	1,734,639

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:

	2026			2025		
Class of Asset	**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	458,769	-	458,769
Add: Addition during the year	263,569	-	263,569	-	-	-
Less: Disposal during the year	-	-	-	-	-	-
Balances at the end of the Year	722,338	-	722,338	458,769	-	458,769
Buildings						
Balances at the beginning of the Year	35,976	(18,266)	17,710	26,736	(8,512)	18,224
Add: Addition during the year	-	-	-	9,240	-	9,240
Less: Depreciation for the year	(886)	(8,878)	(9,763)	-	(9,754)	(9,754)
Less: Cost of Building Disposed	-	-	-	-	-	-
Balances at the end of the Year	35,091	(27,144)	7,946	35,976	(18,266)	17,710
Total	757,428	(27,144)	730,283	494,745	(18,266)	476,479

11.2.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.417Mn (2025 - Rs.55Mn). Cash Payments amounting to Rs. 417Mn (2025 - Rs.55 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.245 Mn (2025 - Rs.115Mn.)

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 2026.

The details of the latest valuation of Land and Buildings are set out below:

	EXTENTS					
Property Eastern Merchants PLC	**Buildings in Sq. Ft**	**Land in Acres**	**Method of Valuation**	**Effective date of Valuation**	**Value Rs. '000**	**Name of the Chartered Valuation Surveyor**
Land						
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	

NOTES TO THE FINANCIAL STATEMENTS

11 PROPERTY, PLANT & EQUIPMENT (CONTD.)

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

Property Eastern Merchants PLC	EXTENTS Buildings in Sq. Ft	Land in Acres	Method of Valuation	Effective date of Valuation	Value Rs. '000	Name of the Chartered Valuation Surveyor
Land & Buildings						
Corpus residential Property with Building and one Building Block Situated at Swarnananda Housing Scheme. Mampe, Piliyandala - Six Buildings	-	A.0 - R.0- P.35	Open Market Value	31st March 2024	47,604	Dr. Gaminda Haegoda
	7,553	-	Open Market Value	31st March 2024	16,256	Dr. Gaminda Haegoda
Corpus residential Property with Assessment No. 135 Koskanatta Road Mampe, Piliyandala - Nine Buildings	-	A.1 - R.3- P.35.66	Open Market Value	31st March 2024	282,150	Dr. Gaminda Haegoda
	55121	-	Open Market Value	31st March 2024	155,767	Dr. Gaminda Haegoda
Koskanatta Road, Mampe, Piliyandala - Land Only	-	A.0 - R.2 - P.12.97	Open Market Value	31st March 2024	37,148	Dr. Gaminda Haegoda
Thudugala, Dodangoda	-	A.33 - R.3 - P.33	Open Market Value	31st March 2024	349,812	Dr. Gaminda Haegoda

Valuation Methodology - Previous Year

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

11.5 RIGHT - OF -USE ASSETS

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
At Cost				
At the beginning of the year	-	6,200	-	6,200
Additions	-	-	-	-
At the end of the year	-	6,200	-	6,200
Accumulated Depreciation				
At the beginning of the year	-	3,843	-	3,843
Depreciation for the year	-	775	-	775
At the end of the year	-	4,618	-	4,618
Transferred to PPE	-	1,582	-	1,582
Net Assets Value	-	-	-	-

12 INTANGIBLE ASSETS

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Computer Software				
At Cost				
At the beginning of the year	-	-	19,608	17,804
Additions	-	-	2,767	1,804
Disposal	-	-	(17,804)	-
At the end of the year	-	-	4,572	19,608
Accumulated Amortization & Impairment				
At the beginning of the year	-	-	12,941	11,274
Amortization	-	-	1,120	1,667
Disposal	-	-	(13,722)	-
At the end of the year	-	-	339	12,941
Carrying Value	-	-	4,232	6,667

13 INVESTMENT IN SUBSIDIARIES

AS AT 31ST MARCH	Notes	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000
Investments in Subsidiaries	13.1	1,042,901	780,901
		1,042,901	780,901

13.1 Investments in Subsidiaries

AS AT 31ST MARCH	COMPANY NO. OF SHARES 2026 Rs.'000	COMPANY NO. OF SHARES 2025 Rs.'000	COMPANY BOOK VALUE 2026 Rs.'000	COMPANY BOOK VALUE 2025 Rs.'000
Unquoted - Consolidated				
Eamel Exports (Private) Limited	33,500	33,500	5,076	5,076
Eastern Harvest (Pvt) Limited	33,200,001	7 ,000,001	332,000	70,000
Eastern Merchants Commodities (Pte) Limited	140,100	140,100	50,085	50,085
Microcells (Pvt) Limited	552,325	552,325	655,740	655,740
			1,042,901	780,901

NOTES TO THE FINANCIAL STATEMENTS

14 NON-CURRENT FINANCIAL ASSETS

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Quoted Securities - Shares	-	4,420,000	-	30,940
Eastern Merchants PLC				
Total Non Current Financial Assets			-	30,940

15 INVENTORIES

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Finished Goods	140,237	95,140	235,791	148,751
Raw Material	-	-	248,280	172,616
Work-in-progress	-	-	1,194	8,025
Consumable Item	558	35	53,577	57,630
Fuel	-	-	-	-
Packing Materials	1,816	7,583	7,444	10,679
	142,611	102,758	546,285	397,701

16 TRADE & OTHER RECEIVABLES

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Trade Receivables	101,565	73,264	290,311	192,005
Related Parties Debtors - Microcells (Pvt) Ltd .	-	3,200	-	-
Other Receivables	12,568	3,498	6,245	8,131
	114,134	79,962	296,555	200,136

17 OTHER CURRENT ASSETS

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Pre-payments & Non Cash Receivables	10,325	3,883	67,060	54,442
VAT Receivable	71,962	13,685	78,667	16,299
Income Tax Refunds	13,653	11,945	13,981	12,273
	95,941	29,512	159,708	83,015

17.1 Income Tax Refunds

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Balance at the beginning of the year	11,945	11,337	12,273	11,666
Transferred from Tax Provisions	-	-	-	-
Income Tax Paid	1,708	607	1,708	607
	13,653	11,945	13,981	12,273
ESC Set-off against Income Tax / Written-off	-	-	-	-
Balance at the end of the year	13,653	11,945	13,981	12,273

18 AMOUNTS DUE FROM RELATED PARTIES

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Eastern Harvest (Pvt) Ltd	31,899	7,197	-	-
Microcells (Pvt) Ltd.	-	205,000	-	-
Eastern Merchants Commodities (Pte) Limited	81	5,466	-	-
	31,980	217,664	-	-

19 CASH IN HAND & AT BANK

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Cash at Bank	2,934	177,508	46,467	278,105
Cash in hand	700	791	1,086	1,088
	3,634	178,299	47,554	279,192

20 STATED CAPITAL

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Value of Shares				
Fully Paid Ordinary Shares	16,778	16,778	16,778	16,628

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Number of Shares				
Fully Paid Ordinary Shares	117,446	117,446	117,446	113,226
	117,446	117,446	117,446	113,226

NOTES TO THE FINANCIAL STATEMENTS

21 REVENUE RESERVES

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Retained Earnings				
Balance - As per Equity Statement	1,424,913	1,440,120	1,731,594	1,759,500
Total Revenue Reserves	1,424,913	1,440,120	1,731,594	1,759,500

22 OTHER COMPONENTS OF EQUITY

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Capital Reserves				
Revaluation Reserve	95,384	95,384	329,658	329,658
Foreign Currency Translation Reserve	-	-	24,927	24,635
Fair Value Reserve of Financial Assets at FVOCI	-	-	-	(4,661)
Total Capital Reserve	95,384	95,384	354,584	349,632

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 LIABILITIES /(ASSETS)

	GROUP			
	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Balance at the beginning of the year	13,765	1,045	190,728	228,696
Charge/(Reversal) for the year				
Profit or Loss	(28,956)	300	(3,743)	(46,261)
OCI	(2,425)		(3,645)	(4,127)
Transfers	19,646	12,420	19,646	12,420
Balance at the end of the year	2,030	13,765	202,987	190,728

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Balance at the beginning of the year	(12,420)	9,236	176,962	227,649
Charge/(Reversal) for the year				
Profit or Loss	29,640	(19,807)	25,215	(46,559)
OCI	2,425	(1,849)	(1,219)	(4,127)
Transfers				
Balance at the end of the year	19,645	(12,420)	200,957	176,964

23.1 Net Deferred Tax Assets

For the year Ended 31st March	Notes	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Deferred Tax Assets	23.2	(31,398)	(63,042)	(43,419)	(41,543)
Deferred Tax Liabilities	23.2	51,043	50,622	244,376	218,506
		19,645	(12,420)	200,957	176,963

23.2 Recognized Deferred Tax Assets & Liabilities

Deferred Tax Assets & Liabilities are attributable to the following :

	COMPANY			
	ASSETS		LIABILITIES	
For the year Ended 31st March	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Property, Plant & Equipment	-	-	51,043	50,622
Employee Benefits	(8,384)	(7,799)	-	-
Investment Property	-	-		
Adjusted Tax Loss	(23,014)	(55,243)	-	-
Net Tax (Assets)/ Liabilities	(31,398)	(63,042)	51,043	50,622

	GROUP			
	ASSETS		LIABILITIES	
For the year Ended 31st March	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Property, Plant & Equipment	-	-	244,376	218,506
Employee Benefits	219	219	-	-
Investment Property	-	-	-	-
Adjusted Tax Loss	(43,638)	(41,762)	-	-
Net Tax (Assets)/ Liabilities	(43,419)	(41,543)	244,376	218,506

NOTES TO THE FINANCIAL STATEMENTS

24 INTEREST BEARING BORROWINGS

24.1 Company

AS AT 31ST MARCH	Notes	2026			2025		
		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	225,000	-	225,000	82,400	-	82,400
		225,000	**-**	**225,000**	**82,400**	**-**	**82,400**
24.1.2 Bank Overdrafts		33,617	-	33,617	41,014	-	41,014
		33,617	**-**	**33,617**	**41,014**	**-**	**41,014**
		258,617	**-**	**258,617**	**123,414**	**-**	**123,414**

24.1.1.1 Bank Loans

	As at 01/04/2024 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2025 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2026 Rs.'000
Bank Loans	66,938	387,611	(372,149)	82,400	575,900	(433,300)	225,000
	66,938	387,611	(372,149)	82,400	575,900	(433,300)	225,000

24.2 Group

AS AT 31ST MARCH	Notes	2026			2025		
		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	509,748	12,073	521,821	211,136	30,828	241,964
		509,748	**12,073**	**521,821**	**211,136**	**30,828**	**241,964**
24.1.2 Bank Overdrafts		124,273	-	124,273	80,901	-	80,901
		124,273	**-**	**124,273**	**80,901**	**-**	**80,901**
		634,021	**12,073**	**646,094**	**292,037**	**30,828**	**322,865**

24.2.1.1 Bank Loans

	As at 01/04/2024 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2025 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2026 Rs.'000
Bank Loans	339,298	703,109	(800,443)	241,964	980,750	(700,893)	521,821
	339,298	703,109	(800,443)	241,964	980,750	(700,893)	521,821

25 RETIREMENT BENEFIT OBLIGATIONS

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Balance at the Beginning of the year	25,997	16,600	47,448	25,147
Current Service Cost	1,616	984	5,551	2,632
Interest for the year	2,600	2,573	4,745	3,898
Actuarial Loss/(Gains)	(533)	7,551	937	18,643
Payments made during the year	(1,733)	(1,711)	(4,511)	(2,872)
Balance at the end of the year	27,946	25,997	54,170	47,448

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 2026	COMPANY 2025	GROUP 2026	GROUP 2025
Discount Rate	9%	10.00%	9%	10.0%
Future Salary Increases	9%	9%	9%	9%
Retirement Age	60 years	60 years	60 years	60 years

The Gratuity Liability is not externally funded.

25.2 Net Benefit Expenses Categorized under Personnel Expenses

AS AT 31ST MARCH	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Interest Cost	(2,600)	(2,573)	4,745	3,898
Current Service Cost	1,616	984	5,551	2,632

NOTES TO THE FINANCIAL STATEMENTS

25 RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

25.3 Sensitivity of Assumptions used

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Discount Rate				
1% Increase	(1,286)	(1,373)	(1,545)	(1,632)
1% Decrease	1,442	1,542	1,739	1,839
Salary Increment rate:				
1% Increase	1,365	1,425	1,630	1,690
1% Decrease	(1,243)	(1,289)	(1,543)	(1,589)

26 TRADE & OTHER PAYABLES

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Trade Creditors including Accrued Expenses	8,496	4,769	99,039	31,048
	8,496	4,769	99,039	31,048

27 OTHER CURRENT LIABILITIES

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Other Non Financial Liabilities	-	2,445	1,690	3,342
	-	2,445	1,690	3,342

28 INCOME TAX PAYABLE

	GROUP			
	ASSETS		LIABILITIES	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Balance at the Beginning of the year	-	-	816	1,812
Provision for the year	-	-	1,129	960
Tax Paid during the year	-	-	(240)	(1,956)
Transferred to Overpayment	-	-	(820)	-
WHT			(170)	
	-	-	715	816

29 FINANCIAL INSTRUMENTS

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

29.1 Financial Assets by Categories

29.1.1 Financial Instruments in Non-Current Assets

		COMPANY		GROUP	
For the year Ended 31st March	**Notes**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Non Current Financial Assets	14	-	-	-	30,940
		-	-	-	30,940

29.1.2 Financial Instruments in Current Assets

		COMPANY		GROUP	
For the year Ended 31st March	**Notes**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Trade & Other Receivables	16	114,134	79,962	296,555	200,136
Amounts due from Related Parties	18	31,980	217,664	-	-
Cash in hand & At Bank	19	3,634	178,299	47,554	279,192
		149,747	475,925	344,109	479,329
Total Financial Assets		149,747	475,925	344,109	510,269

29.2 Financial Liabilities by Categories

29.2.1 Financial Instruments in Non-Current Liabilities

		COMPANY		GROUP	
For the year Ended 31st March	**Notes**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Interest Bearing Borrowings	24	-	-	12,073	30,828
		-	-	12,073	30,828

29.2.2 Financial Instruments in Current Liabilities

		COMPANY		GROUP	
For the year Ended 31st March	**Notes**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Trade & Other Payables	26	8,496	4,769	99,039	31,048
Amounts due to Related Parties	27	-	-	-	-
Current Portion of Interest Bearing Borrowings	24	225,000	82,400	509,748	211,136
Bank Overdrafts	24.1.2	33,617	41,014	124,273	80,901
Total Financial Instruments in Current Liabilities		267,115	128,183	733,060	323,085
Total Financial Liabilities		267,114	128,183	745,133	353,913

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized 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.

30.1 Fair Value Measurement Hierarchy - Group

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

FINANCIAL ASSETS

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
AS AT 31ST MARCH	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**
Non-Current Financial Assets	-	30,940	-	-	-	-	-	30,940
NON FINANCIAL ASSETS								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	1,543,863	1,288,341	1,543,863	1,288,341

FAIR VALUE MEASUREMENT HIERARCHY - COMPANY

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
AS AT 31ST MARCH	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**	**2026 Rs.000**	**2025 Rs.000**
Non-Current Financial Assets	-	-	-	-	-	-	-	-
NON FINANCIAL ASSETS								
Assets Measured at Fair Value	-	-	-	-	-	-	-	-
Land & Buildings	-	-	-	-	285,346	288,422	285,346	288,422
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	**COMPANY**	
	2026 Rs.'000	**2025 Rs.'000**
Balance at the beginning of the year	30,940	31,434
Sales	-	-
Addition during the year	-	-
Total gains and losses recognized in OCI	(30,940)	(494)
Balance at the end of the year	-	30,940

NOTES TO THE FINANCIAL STATEMENTS

31 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS

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

Name of the Directors	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
Mr. H.J. De Silva	Y	Y	Y	Y
Mr. C.S.L. De Silva	Y	Y	Y	Y
Mr. S. Jayakody	Y	Y	Y	Y
Mr. R. Pradeep	-	-	-	-
Mrs. N. Nanayakkara	-	-	-	-
Mr. F. Mushin	-	-	-	-
Mrs. G.R.J. De Silva	-	-	-	Y

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

31.2.1 Transactions With Related Parties

A Eamel Exports (Pvt) Ltd

	2026 Rs.'000	2025 Rs.'000
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)
Balance at the end of the year	-	-
Management Fees	9,000	-

B Eastern Merchants Commodities (Pte) Limited

	2026 Rs.'000	2025 Rs.'000
Current Account Balance		
Balance at the beginning of the year	5,466	53,125
Fund Transfers	3,423	14,654
Reimbursements	(8,808)	(13,346)
Issue of Shares	-	(48,967)
Balance at the end of the year	81	5,466
Purchase of Raw Material from Microcells (Pvt) Ltd	86,847	-

Microcells (Pvt) Ltd.

	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	205,000	
Fund Transfers		205,000
Less: Funds Transferred & Expenses	(205,000)	
Balance at the end of the year		
Fair Value at the end of the year	-	205,000
Purchases of Raw Materials	1,467	60,766
Interest paid to Eamel Exports (Pvt) Ltd	1,701	-
Advances Recived from Eamel Exports (Pvt) Ltd	100,000	-
Interest paid to Eastern Merchants PLC	17,084	12,149
Interest Rate on Advances is 10%		
Eastern Harvest (Pvt) Ltd		
Balance at the beginning of the year	7,197	-
Less: Funds Transferred & Expenses	24,701	7,197
Balance at the end of the year	31,898	7,197
Investments in Shares	262,000	-

C Eastern Harvest (Private) Limited

	2026 Rs.'000	2025 Rs.'000
Current Account Balance - Receviable		
Balance at the beginning of the year	7,197	-
Loan Granted/ (Settled) to Eastern Merchants PLC	24,702	-
Interest	-	-
Payments by Eastern Harvest(Private) Limited on behalf of the Company	-	7,197
Balance at the end of the year	31,899	7,197

D Microcells (Pvt) Limited

	2026 Rs.'000	2025 Rs.'000
Current Account Balance -Trade Receivable		
Balance at the beginning of the year	208,200	-
Add: Raw Materials Sales	1,467	60,765
Fund Transfers	-	205,000
Interest Charged	-	-
Less: Settlement	(209,667)	(57,565)
Balance at the end of the year	-	208,200

NOTES TO THE FINANCIAL STATEMENTS

31 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS (CONTD.)

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

31.2.3 Outstanding Amounts due from related parties and due to related parties are disclosed in Notes No 18 and 27.

31.2.4 Transactions with Key Managerial Persons.

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

a) Compensation of Key Management Persons of the Company.

The following is the compensation of Directors and Key Management

	COMPANY		GROUP	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Short Term Employee Benefits				
Directors Remuneration	11,980	11,368	29,965	30,506

32 ASSETS PLEDGED

The following Assets have been pledged as Security for Liabilities.

32.1 Eastern Merchants PLC - Parent Company

The following Assets have been pledged as Security for Liabilities.

Name of Institution Granting Facility	Nature of Assets	Amount of Facility Rs.'000	Fair value of mortgaged asset as at 31/3/2026 Rs.'000	Included in
NDB	Primary Mortgage of Stocks and Book Debts.	40,000	244,176	Inventory & Trade Receivable
NDB	Land & Building Situated at Koskanatte Road, Mampe, Piliyandala	180,000	493,539	Property, Plant & Equipment
NDB	Solar Power System	10,171	7,563	Property, Plant & Equipment
HNB	Primary Mortgage of 240, Torrington Avenue, Colombo 07.	115,000	229,970	Property, Plant & Equipment
HNB	Primary Mortgage of 240, Torrington Avenue, Colombo 07	215000	493,539	Property, Plant & Equipment

33 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.

34 EVENTS OCCURING AFTER THE REPORTING DATE

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

35 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.

35.1 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.

35.2 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.

35.3 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

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

35.4 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.

2026	Trade and Other & Receivables Rs.'000	Short Term Investments Rs.'000	Cash at Bank Rs.'000	Amounts due from Related Parties Rs.'000	Long Term Investment Rs.'000	Total Rs.'000	Percentage of Allocation
Risk Exposure - Group							
Trade & Other Receivables	296,555	-	-	-	-	296,555	86.45%
Long Term Investment	-	-	-	-	-	-	0.00%
Cash at Bank	-	-	46,467	-	-	46,467	13.55%
Total Credit Risk Exposure	296,555	-	46,467	-	-	343,023	100%
Risk Exposure - Company							
Trade & Other Receivables	114,134	-	-	-	-	114,134	76.58%
Amounts due from Related Parties	-	-	-	31,980	-	31,980	21.46%
Cash at Bank	-	-	2,934	-	-	2,934	1.97%
Total Credit Risk Exposure	114,134	-	2,934	31,980	-	149,047	100%

2025	Trade and Other & Receivables Rs.'000	Short Term Investments Rs.'000	Cash at Bank Rs.'000	Amounts due from Related Parties Rs.'000	Long Term Investment Rs.'000	Total Rs.'000	Percentage of Allocation
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	-	-	-	217,664	-	217,664	45.81%
Cash at Bank	-		177,508	-	-	177,508	37.36%
Total Credit Risk Exposure	79,962	-	177,508	217,664	-	475,134	100%

35.5 Liquidity Risk

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

	COMPANY		GROUP	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
NET DEBT/ (CASH)				
Cash in hand & At Bank	3,634	178,299	47,553	279,191
Adjustments to Liquid Assets	-	-	-	-
Total Liquid Assets	3,634	178,299	47,553	279,191
NON-CURRENT LIABILITIES				
Interest Bearing Borrowings			12,073	30,828
CURRENT LIABILITIES				
Interest Bearing Loans & Borrowings	225,000	82,400	509,748	211,136
Bank Overdrafts	33,617	41,014	124,273	80,901
Total Liabilities	258,618	123,414	646,094	322,865
Net Debt/ (Cash)	(254,985)	54,885	(598,542)	(43,674)

35.6 Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31st March 2026 based on contractual undiscounted (Principal Plus Interest) Payments.

	COMPANY		GROUP	
For the year Ended 31st March	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
All Borrowings are Payable Within One Year				
Interest Bearing Loans & Borrowings	225,000	82,400	509,748	211,136
Trade & Other Payables	8,496	4,769	99,039	31,048
Amounts due to Related Parties	-	-	-	-
Bank Overdrafts	33,617	41,014	124,273	80,901
	267,113	128,183	733,061	323,086

NOTES TO THE FINANCIAL STATEMENTS

36 SEGMENT INFORMATION

36.1 Information based on the Primary Segments (Business Segment)

	EXPORT OF TRADITIONAL & NON TRADITIONAL PRODUCTS		OTHER		CONSOLIDATION ADJUSTMENT		GROUP TOTAL	
AS AT 31ST MARCH	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**	**2026 Rs.'000**	**2025 Rs.'000**
Total Sales	2,797,380	2,851,396	18,931	9,261	(88,314)	(60,765)	2,727,997	2,799,891
Other Income	43,617	731	5,101	102	(13,931)	-	34,787	833
Segment Revenue	2,840,997	2,852,126	24,032	9,363	(102,245)	(60,765)	2,762,783	2,800,724
Segment Results	23,122	(117,378)	4,762	773	(4,932)	(1)	22,952	(116,606)
Finance Expenses							(46,999)	(64,634)
Finance Income							4,678	31,612
Profit before Taxation							(19,369)	(149,628)
Income Tax							(26,345)	35,353
Profit for the year							(45,714)	(114,275)
Other Comprehensive Income							29,158	(21,132)
Total Comprehensive Income							(16,556)	(135,408)
Attributable To								
Equity Holders of the Company							(28,970)	(134,520)
Minority Interest							12,413	(888)
Profit for the year							(16,556)	(135,408)
Assets								
Segment Assets	4,298,960	3,738,788	122,218	44,327	(1,277,064)	(1,081,765)	3,144,114	2,274,655
Other Investments	-	-	-	44,705	-	-	-	44,705
Total Assets	4,298,960	3,738,788	122,218	89,032	(1,277,064)	(1,081,765)	3,144,114	2,746,055
Liabilities								
Other Segment Liabilities	246,501	254,174	11,136	1,802	(156,193)	(220,770)	101,445	35,206
Interest Bearing Borrowings	646,094	322,865	-	-	-	-	646,094	322,865
Deferred Tax Liabilities	200,370	176,375	590	590	-	-	202,987	176,964
Retirement Benefit Obligations	54,170	47,449	-	-	-	-	54,170	47,448
Total Liabilities	1,147,135	800,864	11,726	2,392	(156,193)	(220,770)	1,004,696	582,483

37 SHARE INFORMATION

37.1 Top Twenty Shareholders as at 31st March 2026

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	13.11
C.S.L. De Silva	14,581,140	12.42
N.S. Karunaratne	12,629,120	10.75
J.B.L. De Silva/K.G.A. De Rajapakse/N. Senanayake	1,400,000	1.19
D.S.R. Daranakumbura	1,384,754	1.18
N.H.K. Chandika Kumara	1,202,060	1.02
S.D. De A. Rajapakse	980,000	0.83
Dr. N. Y. P. H. Narangoda	573,313	0.49
S.A. De A. Rajapakse	500,000	0.43
Citizens Development Business Finance PLC/ W.M.S.H. Bandara	384,921	0.33
Dr./Mrs. C.A. Suranimala	350,000	0.30
DFCC Bank / B.R. Fernando	332,510	0.28
A.S.A. Fernando	300,395	0.26
J.P.M. Aravinda	300,000	0.26
D.N.P. Rathnayake	300,000	0.26
U.W.R.M. Weerakoon	285,571	0.24
M.M. Senaratne	280,000	0.24
Sampath Bank/ G.D. Gunaratne	250,000	0.21
	99,693,513	

37.2 Public Share Holdings

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

	31/03/2026	31/03/2025
Ordinary Shares	53,778,773	49,358,773
Public Shareholding	45.79%	42.03%
Public Shareholders	2,295	1,706
Float Adjusted Market Capitalization	639,964	444,263

The Company complies with option 05 of the Listing Rules 7.13.1 – Zero Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

NOTES TO THE FINANCIAL STATEMENTS

37 SHARE INFORMATION (CONTD.)

37.3 Shareholder Analysis as at 31st March 2026

No. of Shares Held	No. of Shareholders	No. of Shares	%
1-1,000	1,247	325,694	0.28
1,001-10,000	695	2,949,657	2.51
10,001-100,000	308	9,318,728	7.93
100,001-1,000,000	43	9,995,118	8.51
Over 1,000,000	8	94,856,803	80.77
	2,301	117,446,000	100.00

37.4 Net Assets Per Share

	31/03/2026	31/03/2025
Ordinary Shares	17.91	18.10

37.5 Directors' Shareholdings as at 31st March 2026

	AS AT 31/03/2026		AS AT 31/03/2025	
Name of the Director	Shares	%	Shares	%
J.B.L. De Silva	32,382,280	27.57	32,382,280	27.57
H.J. De Silva	15,881,140	13.52	15,881,140	13.52
C.S.L. De Silva	14,581,140	12.42	14,581,140	12.42
S. Jayakody	6,000	0.01	6,000	0.01

37.6 Share Trading Information

	2026 Rs.	2025 Rs.
Highest	19.00	9.60
Lowest	6.70	6.20
Last Traded	11.90	7.00

NOTES

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 80th Annual General Meeting of Eastern Merchants PLC will be held on Wednesday the 30th of September 2026, 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.

AGENDA

1. To read the notice convening the meeting.

2. To confirm the minutes of the 79th Annual General Meeting held on 30th September 2025.

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 2026.

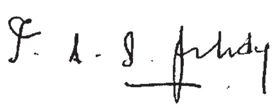
4. To resolve that Mr. S. Jayakody and Mrs. N. Nanayakkara who retire in terms of Article Nos. 83 and 84 of the Articles of Association of the Company be re-elected as Directors of the Company.

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

28th August 2026

NOTICE OF MEETING

Notes:

1. The Annual Report of the Company for FY 2025/26 is available on the corporate website https://easternmerchants.net/news-info/ and on the Colombo Stock Exchange website: www.cse.lk

2. The 80th 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
   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 2.30 p.m. on Wednesday, 30th September 2026.

   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. Mushin of Nawala,	Whom failing
N. Nanayakkara of Rajagiriya	Whom Failing
G.R.J. de Silva of Colombo 03,	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, 2026 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
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 2026.		
To reappoint Mr. S. Jayakody and Mrs. N. Nanayakkara who retire as Directors of the Company.		
To reappoint Mr. J. B. L. de Silva, who is over 70 years of age.		
To re-appoint Messers. D. H. P. Munaweera & Co. as Auditors of the Company and authorize the Directors to determine their remuneration.		

As witness my/our hand (s) this .... day of .... 2026.

....
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 sent 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.
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 REGISTRATION NUMBER
PQ 153

LEGAL FORM
Quoted public company incorporated in Sri Lanka and listed on the Colombo Stock Exchange

REGISTERED OFFICE
240, Torrington Avenue, Colombo 07,
Sri Lanka

STORES COMPLEX
233D, Pamunugama Road, Thudella, Ja-Ela

FACTORY
Koskanatte Road, Mampe, Piliyandala

PRINCIPAL ACTIVITY
Export and trading of traditional and non-traditional commodities

CHAIRMAN
J. B. L. de Silva

DEPUTY CHAIRMAN
H. J. de Silva

MANAGING DIRECTOR
C. S. L. de Silva

OTHER DIRECTORS
S. Jayakody, R. Pradeep, F. Mushin, N. Nanayakkara, G.R.J. de Silva

COMPANY SECRETARY / DIRECTOR - FINANCE
S. Jayakody

AUDITORS
D. H. P. Munaweera & Company, Chartered Accountants

BANKERS
Hatton National Bank PLC;
National Development Bank PLC;
Bank of Ceylon;
Standard Chartered Bank;
Nations Trust Bank PLC;
Cargills Bank PLC;
DFCC Bank PLC

SUBSIDIARIES IN THE SUPPLIED CONSOLIDATION
Eamel Exports (Pvt) Ltd.;
Eastern Merchants Commodities (Pte) Ltd.;
Microcells (Pvt) Ltd.;
Eastern Harvest (Pvt) Ltd.

INVESTOR COMMUNICATIONS
srinathj@easternmerchants.net
www.easternmerchants.net

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Eastern Merchants PLC
Annual Report
2025/26