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Financial Highlights

	2010/11	2011/12	2012/13	2013/14	2014/15
Performance Parametres					
Sales (Rs. Mn.)	6,084	4,687	2,513	1,668	785
Gross Profit (Rs. Mn.)	175	381	148	100	21
Net Profit Before Taxation (Rs. Mn.)	35	132	(42)	(55)	271
Net Profit After Taxation (Rs. Mn.)	21	114	(33)	(45)	305
Total Comprehensive Income After Taxation (Rs. Mn.)	21	126	12	2	432
Shareholder Funds (Rs. Mn.)	908	1,011	1,009	1,029	1,471
Earnings per Share (Rs.)[1]	0.18	0.90	(0.15)	(0.23)	2.68
Dividend per Share (Rs. cents)[1]	0.043	0.040	0.080	0.000	0.000
P/E Ratio	38.76	12.22	-	-	3.51
Net Assets per Share (Rs.)[1]	8.17	9.13	9.12	9.13	12.83
Current Ratio	1.24	1.22	1.17	0.93	8.38
Share Price					
Highest Recorded (Rs.)[2]	850	3,850	11.80	11.50	14.10
Lowest Recorded (Rs.)	235	9.50	8.20	5.80	6.40
Value as at Year End (Rs.)	600	11.00	8.50	7.00	9.40

1. Adjusted for 70:1 share sub-division in 2011/12.
2. Highest price recorded in 2011/12 was prior to the share sub-division.

Chairman's Message

Uncertainty across the global economy continued in 2014/15, making trading conditions for our business challenging once again. Most of our key markets experienced slow or even negative growth during the year, retarding demand.

This isn't only limited to the commodities that we deal in, but the past year has been a testing one for all key commodities. According to the World Bank, this year may witness the extremely rare occurrence of experiencing a decline in all nine global commodity price indices, with multiple sectors such as energy, minerals, metals and agricultural materials all being impacted. Declining price levels should in theory stimulate demand which will support prices. However, key variables to track over the short term include movements in major currencies, the health of the Eurozone and Chinese economies and energy prices.

Of the commodities that we trade, natural rubber is our key revenue generator, and the slowing demand from China and the Eurozone has meant that price levels are still near historical lows. China is the largest consumer of natural rubber in the world, but is growing at its slowest pace in more than two decades. The sharp decline in the Euro as well as weak manufacturing activity in the region has also resulted in sluggish demand from Europe. In this back drop local rubber prices in Sri Lanka are at higher levels compared to international prices, given that demand from local industries is solid. This fact combined with the export cess imposed by the government on raw rubber exports, has made exporting Sri Lankan rubber to the world market a tough task.

As a counter measure, we are dealing more in good quality foreign origin material from cheaper sources such as Indonesia, Vietnam and Cambodia, leveraging the international network developed by the Company over the years. Cheaper pricing in today's competitive commodity market is key, and we are increasingly trading in cheaper foreign origin materials with regards to the all other commodities that the Company is involved in.

In January 2015, the Company made two substantial changes to its top management. Given the retirement of Mr. A. Karunaratne as Managing Director, Mr. C. S. L. de Silva was appointed as his replacement. Mr. H. J. de Silva was appointed as Deputy Chairman.

In another significant development at the Company, shareholder approval was granted in mid March 2015 for the sale of land and buildings owned by the Company at No. 284 Vauxhall Street and No. 341 Union Place in Colombo 02. After having considered many options to utilize the land including developing this property for residential/commercial purposes, it was finally decided to divest this asset. The Management was of the view that it is prudent to diversify the business of the Company from its traditional commodity trading into new business ventures focusing on value-addition, and the proceeds from the property sale will be predominantly used for this purpose.

Considering the above and the Company's after tax profit of Rs 304.6 million for 2014/15, it is recommended by the Board of Directors that a dividend of Rs.0.06 (six cents) per share is paid for the year under review.

Mr. J.B.L. de Silva
Chairman

14th August 2015

Board of Directors

The Board of Directors of the Company consists of 10 members, including two Independent Directors. Brief descriptions of each Board member are set out below.

Mr. J.B.L. de Silva
LL.B., Attorney-at-law
Chairman

A lawyer by profession, Mr. de Silva has substantial experience in the corporate world. He has held the office of Chairman of the Company since 1983 and has served on the Boards of quite a few prominent Public and Private Companies. He presently serves as a Director of CT Holding PLC & Associated Electrical Corporation Ltd.

Mr. H.J. de Silva
B.Sc.
Deputy Chairman

Having completed his Bachelors' Degree in the US and working at a MAS Holdings company for three years, he is the first of the 3rd generation of the founding family on the Board. Mr. de Silva is predominantly engaged in the trading of Coconut products and Spices for the Company, and is the Deputy Chairman of the Exporters Association of Sri Lanka.

Mr. C.S.L. de Silva
B.Econ., M.Com.
Managing Director

After completing his Bachelors' Degree in the fields of Econometrics and Marketing at the University of Sydney, Mr. de Silva completed a Masters 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. He is the second of the 3rd generation of the founding family to join the Company.

Mr. S. Jayakody
B.Com.Spl., FCA, FCMA
Director - Finance

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 Lankan, he was appointed to the Board of Directors in 1999 and is also currently the Company Secretary.

Mr. S.A. Chandraratne
Director - Logistics

Joining the Company directly out of school, Mr. Chandraratne was in charge of the shipping activities of the Company for over 40 years. Thereafter he joined the Board in 1992 and is now responsible for all operations at our stores complex in Sapugaskanda.

Mr. I.P. de Zoysa
Director

Mr. de Zoysa has been closely associated with the trading activities of the Company for almost 20 years. During this time he has developed into a key member of the organisation possessing an in-depth knowledge of the commodities exported by the Company. He has also been pivotal in establishing several new markets overseas.

Mr. N.K.L. Tilakaratna
B.Sc., C.Eng., MBA., M.I. Mech.E., M.I.E.
Non-executive Director

An engineer by profession, Mr. Tilakaratna heads Asia Brush (Pvt) Ltd. and Asia Woodware Company (Pvt) Ltd., both subsidiaries of Eastern Merchants.

Mrs. C.I. Tilakaratna
B.A. (Hons.), M.A.
Non-executive Director

The daughter of one of the founders of the Company, she has served on the Board as a Non-executive Director since 1989.

Mrs. R.L. Nanayakkara
B.A.(Hons.), FIB, FIM (SL)
Independent Non-executive Director

Mrs. Nanayakkara requires no special introduction. Being a board member of companies too numerous to recount here, she possesses unparalleled corporate and management experience spanning over 50 years.

Mr. H.P.J. de Silva
B.Sc., MBA, FCA, FCMA, FIB
Independent Non-executive Director

Formerly employed in the state sector as the Deputy General Manager/ Corporate Advisor of the Bank of Ceylon, Mr. de Silva thereafter served as the Chief Executive Officer/Managing Director of Sampath Bank and Union Bank, as well as the Director of Operations at American Express.

Directors' Report

The last 12 months have been challenging for our business, as commodity markets across the globe have been in a state of flux. Rather than paying attention to the fundamentals which dictate commodity prices, many market participants are now fixated on broader macroeconomic concerns.

Being the largest consumer of natural rubber, China consumes over 3.5 million metric tons of the material each year and the slowing down of its economy has been a major factor in falling natural rubber prices. The fragile state of the Chinese economy is highlighted by the crash in its stock market that resulted in share prices in Shanghai losing a third of their value in June 2015. The sovereign debt problem driving some EU member states into recession and weak economic activity in the entire region continue to be a challenge to all the commodities that we trade in. The effects of the depreciation of the Euro cannot be understated, dropping from about USD 1.36 to a Euro to some USD 1.05, a depreciation of over 20% in the past year. Needless to say, this has made imports more expensive to some of our key trading partners and resulted in decreased demand.

In order to mitigate these tough conditions we have been actively employing cautious trading practices and hedging our risks at every possible juncture. Lean stock levels are being maintained to reduce exposure and finance expenses and several cost-cutting initiatives have been implemented to keep a check on expenditure. To present a more diverse offer with different price points to our customer, we are leveraging the extensive international network of the Company, enabling us to source the commodities that we deal in from many other origins such as Vietnam, Cambodia, Malaysia, Thailand, Indonesia and India.

Following the sale of land and buildings located at No. 284 Vauxhall Street and No. 341 Union Place in Colombo 02, the Company has been exploring opportunities to invest the proceeds of the sale to diversify the business into new areas. The Board is of the view that the Company needs to get into value addition, leveraging the core strengths of the business. In this regard, we will be focusing on ventures involving value addition in the natural rubber and food sectors.

The Board warmly welcomes Mr. C. S. L. de Silva and Mr. H. J. de Silva to the posts of Managing Director and Deputy Chairman, respectively. These new appointments will no doubt hold the Company in good stead for many years to come.

Corporate Governance

The Board of Directors at Eastern Merchants believes that the Company's success is dependent on our ability to impose the highest standards of corporate governance and business conduct across all operations. We are committed to promoting investor confidence and creating value for shareholders, through prudent risk management and a culture which encourages ethical conduct and sound business practices.

Eastern Merchants has a flat management structure which simplifies the task of ensuring best standards across the board. Accountability is encouraged at every level within the Company, and in this respect, the Board Members take responsibility for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Directors' Responsibilities for the preparation of Financial Statements

As per the requirements of the Companies Act No. 7 of 2007, the Directors of the Company are responsible for the preparation and presentation of the Financial Statements for each financial year. The responsibilities of the Directors in relation to the Financial Statements of Eastern Merchants PLC are set out in this Statement, whereas the responsibilities of the Auditors are set out in the Auditors' Report in page 9 of this Annual Report. The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion and have complied accordingly. Their opinion on the Financial Statements are also detailed in the Auditor's report.

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

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

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

Furthermore, the Directors also have to ensure the listing rules of the Colombo Stock Exchange are complied with and that appropriate Accounting Policies have been used in a consistent manner where sensible judgment and estimates have been made when necessary. The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and government and other statutory bodies that were due in respect of the Company have been paid and are up to date.

By order of the Board

S. Jayakody

(F.C.A., B.Com.Spl., FCMA)

Director – Finance / Company Secretary

14th August 2015

Audit Committee Report

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

- Monitoring and reviewing the integrity of financial statements and internal financial controls.
- Determining the effectiveness, independence and objectivity of the external auditors.
- Making recommendations to the Board in relation to the appointment/removal of the external auditors as well as their remuneration.
- Ensuring that the Company is compliant with laws and regulations relating to these areas of responsibility.

The Members of the Audit Committee of Eastern Merchants are the two Independent Non-Executive Directors of the Company, namely:

Mr. H.P.J. de Silva – Chairman

Mrs. R.L. Nanayakkara – Member

The Audit committee held 3 meeting during the 2014/15 Financial year and evaluated the adequacy and effectiveness of the Company's Internal Control System and reviewed all financial statements in compliance with the relevant statutory requirements to determine their accuracy. Additionally, the impact of changes in legislation affecting the activities of the Company was also addressed.

Messrs. D.H.P Munaweera & Co. has been engaged as external auditor to Eastern Merchants for a number of years. After having reviewed the nature of the services of the External Auditor and found them to be satisfactory in all aspects, the Audit Committee recommended reappointing Messrs. D.H.P Munaweera & Co. as the External Auditor of the Company for the financial year commencing 1st April 2015.

Mr. H.P.J. de Silva
Chairman – Audit Committee

14th August 2015

Remuneration Committee Report

We firmly believe that one of the most valuable assets we possess is our human capital and rewarding everyone concerned with fair and equitable remuneration packages is deeply engraved in our corporate culture. This has ensured a happy and loyal workforce throughout the years, with minimal levels of staff turnover and union activity.

In this regard, the objective and purpose of the Remuneration Committee is to assist the Board in establishing remuneration policies and practices which:

- Enable Eastern Merchants to attract and retain top executives and Directors who will create value for the Company by ensuring that competitive remuneration policies and practices are in place.
- Reward these deserving executives considering the performance of the Company as well as the individual contribution they have made to the Company.

Staff remuneration comprises a fixed and a variable component, the latter of which is in the form of bonus linked to the performance of the individual as well as the Company. Non-Executive Directors and Independent Directors of the Company do not receive any salary but receive annual Directors fees.

In compliance with the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Eastern Merchants PLC consists of two independent Non-Executive Directors as follows:

Mrs. R.L. Nanayakkara – Chairwoman

Mr. H.P.J. de Silva – Member

After having met twice during the 2014/15 financial year, the Committee conducted a review of Directors' fees which takes into account Directors' contributions and their respective responsibilities, and deemed them to be appropriate and fair.

Mrs. R.L. Nanayakkara
Chairwoman – Remuneration Committee

14th August 2015

Principal Activities of the Group

All Companies in the Group whose financial statements have been included in the consolidated financial statements are as follows:

Name of the Company	Business Activity
i) Eastern Merchants PLC	Export of traditional and non-traditional Products
ii) Eamel Exports Ltd.	Export of traditional and non-traditional Products
iii) Asia Brush (Pvt) Ltd.	Manufacturing and export of industrial and household brushes/brooms
iv) Asian Woodware Company (Pvt) Ltd.	Manufacturing and export of furniture and other wooden products
v) Spice Lane (Pvt) Ltd.	Export of spice products

Directors

i) Eastern Merchants PLC

Mr. J.B.L. de Silva, Mr. S.A. Chandraratne, Mrs. C.I. Tilakaratna, Mr. N.K.L. Tilakaratna, Mr. S. Jayakody, Mr. H.J. de Silva, Mr. C.S.L de Silva, Mr. I.P de Zoysa, Mrs. R.L. Nanayakkara and Mr. H.P.J. de Silva.

Registered office and principal place of business – No. 341 Union Place, Colombo 2.

ii) Eamel Exports Ltd.

Mr. J.B.L. de Silva, Mr. H.J. de Silva, Mr. C. S. L. de Silva, Mr. S.A. Chandraratne, Mr. N.K.L. Tilakaratna and Mr. S. Jayakody

Registered office and principal place of business – No. 341 Union Place, Colombo 2.

iii) Asia Brush (Pvt) Ltd.

Mr. J.B.L. de Silva, Mr. N.K.L. Tilakaratna, Mr. S.A.L. Tilakaratna, Mrs. C.I. Tilakaratna, Mr. H.J. de Silva, Mr. C.S.L de Silva and Mr. C.W. Bently.

Registered office and principal place of business – No. 341 Union Place, Colombo 2.

iv) Asian Woodware Company (Pvt) Ltd.

Mr. J.B.L. de Silva, Mr. N.K.L. Tilakaratna, Mrs. C.I. Tilakaratna, Mr. H.J. de Silva and Mr. C.S.L de Silva.

Registered Office and Principal Place of Business – No. 341, Union Place, Colombo 2.

v) Spice Lane (Pvt) Ltd.

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

Registered office and principal place of business – No. 341 Union Place, Colombo 2.

Independent Auditor's Report

D.H.P. MUNAWEERA & CO.
Chartered Accountants

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EASTERN MERCHANTS PLC

Report on the Financial Statements.

We have audited the accompanying financial statements of Eastern Merchants PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2015, the statement of profit or loss and statement of other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

The Group has not measured the defined benefit obligation as at reporting date using the Actuarial Valuation method as required by LKAS 19 (Employee Benefits). Instead, it has measured the defined benefit obligation using the half months salary basis for each year of service completed and gratuity formula method.

In our opinion, except for the effects on the financial statements of the matter referred to in the preceding paragraph, so far as appears from our examination, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31st March 2015 and of its financial performance and Cash Flow for the year then ended, in accordance with Sri Lanka Accounting Standards.

Without qualifying our opinion, we draw your attention to Note 31.2 of the accounts which explain the cessation of principle activities of two subsidiary companies.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion

- We have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company,
- The financial statements of the Company give a true and fair view of its financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
- The Financial Statements of the Company and Group comply with the requirements of Section 151 and 153 of the Companies Act No.07 of 2007.

DHP Munaweera & Co

D.H.P. MUNAWEERA & COMPANY
CHARTERED ACCOUNTANTS.
Colombo

14th August 2015.

Ms. C.K. WIJAYARATNA FCA
K.L.J.N. PERERA FCA B.B. MGT.(ACC) SP, R.D.M. WIJETHUNGA ACA Bsc (MGT)

Statement of Profit or Loss

For the year ended 31st March	Notes	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Revenue		713,870	1,589,657	785,019	1,668,041
Cost of Sales		(681,030)	(1,490,944)	(764,203)	(1,568,244)
Gross Profit		**32,840**	**98,713**	**20,816**	**99,797**
Other Operating Income	3	337,141	27,000	347,969	27,856
		369,981	125,713	368,785	127,653
Administrative Expenses		(73,602)	(81,206)	(92,958)	(95,659)
Distribution Expenses		(30,876)	(66,323)	(33,999)	(70,335)
Other Operating Expenses		-	-	-	-
Profit /(Loss) from Operations	4	265,503	(21,816)	241,828	(38,341)
Finance Expenses	5	(21,888)	(32,901)	(32,842)	(53,150)
Finance Income	6	1,205	96	15,720	53
		244,821	(54,621)	224,706	(91,438)
Change in Fair Value of Investment Property		46,250	35,707	46,250	35,707
Share of Results of Associates		-	-	-	-
Profit/(Loss) before Taxation		291,071	(18,914)	270,956	(55,731)
Taxation	7	33,684	12,171	33,673	10,613
Profit/ (Loss) for the year		324,755	(6,743)	304,629	(45,118)
Attributable to					
Equity Holders of the Parent				314,831	(26,983)
Non Controlling Interest				(10,202)	(18,135)
Profit/ (Loss) for the year				304,629	(45,118)
Earnings per Share - Basic - Rs.	8.1	2.77	(0.06)	2.68	(0.23)
Dividend per Share - Rs.	8.2	-	-	-	-

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 17 through 51 form an integral part of the Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31st March	Notes	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Profit/ (Loss) for the Year		324,755	(6,743)	304,629	(45,118)
Other Comprehensive Income					
Revaluation of Land & Buildings		126,860	47,507	127,510	47,507
Other Comprehensive Income for the Year, Net of Tax		126,860	47,507	127,510	47,507
Total Comprehensive Income for the Year, Net of Tax		451,615	40,764	432,139	2,389
Attributable to					
Equity Holders of the Parent				442,286	20,524
Non Controlling Interest				(10,147)	(18,135)
Total Comprehensive Income for the year				432,139	2,389

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 17 through 51 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31st March	Notes	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Assets					
Non-Current Assets					
Property, Plant & Equipment	9	488,670	552,155	648,262	657,829
Investment Property	10	138,250	507,692	138,250	507,692
Intangible Assets	11	-	-	3,460	3,460
Investments in Subsidiaries	12	73,778	12,729	-	-
Deferred Tax Assets	21	23,019	38,673	23,019	38,673
Amounts due from Related Parties	23.1	20,156	893	-	-
		743,873	1,112,142	812,991	1,207,654
Current Assets					
Inventories	13	44,471	96,843	68,811	118,755
Trade & Other Receivables	14	4,430	39,864	8,104	42,499
Other Current Assets	15	34,514	47,360	36,838	51,370
Short Term Investments	16	-	-	56,187	46,191
Held to Maturity Investment		626,403	-	626,403	-
Cash in hand & At Bank		53,678	36,644	54,228	40,998
		763,496	220,711	850,571	299,813
Total Assets		1,507,369	1,332,853	1,663,562	1,507,467
Equity & Liabilities					
Capital & Reserves					
Stated Capital	17	16,778	16,778	16,570	16,561
Revenue Reserves	18	1,143,732	531,194	1,158,573	556,309
Other Components of Equity	19	277,447	438,370	296,250	456,578
		1,437,957	986,342	1,471,393	1,029,448
Non Controlling Interest		-	-	36,140	43,336
Total Equity		1,437,957	986,342	1,507,533	1,072,784
Non-Current Liabilities					
Interest Bearing Borrowings	20.1.1	-	3,372	-	5,578
Deferred Tax Liability	21	3,009	56,328	3,009	56,328
Share Application Money		-	-	1,539	1,539
Retirement Benefit Obligations	22	17,871	21,830	21,412	25,054
Amounts due to Related Parties	23	13,719	-	28,588	25,357
		34,599	81,530	54,548	113,856
Current Liabilities					
Trade & Other Payables	24	4,011	22,353	16,743	31,088
Interest Bearing Borrowings	20.1.1	27,742	152,924	69,927	190,591
Other Current Liabilities	25	3,060	5,777	3,308	6,203
Bank Overdraft	20.1.2	-	83,927	11,503	92,945
		34,813	264,981	101,481	320,827
Total Equity & Liabilities		1,507,369	1,332,853	1,663,562	1,507,467

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*

C.S.L. de Silva - *Managing Director*

14th August 2015

Figures in brackets indicate deductions
The Accounting Policies and Notes on pages 17 through 51 form an integral part of the Financial Statements.

Statement of Changes in Equity - Company

	Stated Capital Rs.'000	Revaluation Reserves Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2013	16,778	509,039	419,761	945,578
Net Profit for the year	-	-	(6,743)	(6,743)
Revaluation Reserve on Property transferred to Investment Property during the year	-	(118,176)	118,176	-
Comprehensive Income	-	47,507	-	47,507
Total Comprehensive Income	**-**	**(70,669)**	**111,433**	**40,764**
Dividend Paid	-	-	-	-
Balance as at 31st March 2014	**16,778**	**438,370**	**531,194**	**986,342**
Net Profit for the year	-	-	324,755	324,755
Comprehensive Income	-	126,860	-	126,860
Total Comprehensive Income	**-**	**126,860**	**324,755**	**451,615**
Reversal of Revaluation Reserve transferred to Retained Earnings		118,176	(118,176)	-
Revaluation Reserve on Disposal Property	-	(405,959)	405,959	-
Balance as at 31st March 2015	**16,778**	**277,447**	**1,143,732**	**1,437,957**

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 17 through 51 form an integral part of the Financial Statements.

Statement of Changes in Equity - Group

	Attributable to Equity Holders of Parent					
	Stated Capital	Revaluation Reserves	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2013	**16,560**	**527,247**	**465,116**	**1,008,923**	**62,308**	**1,071,231**
Profit/(Loss) for the year	-	-	(26,983)	(26,983)	(18,135)	(45,118)
Comprehensive Income	-	47,507	-	47,507	-	47,507
Total Comprehensive Income	**-**	**47,507**	**(26,983)**	**20,524**	**(18,135)**	**2,389**
Dividend Paid	-	-	-	-	-	
Revaluation Reserve on Property transferred to Investment Property during the year		(118,176)	118,176	-	-	-
Effects of Acquisition, Disposal and Change in	-	-	-	-	(837)	(837)
Percentage Holding in Subsidiaries	-	-	-	47,507	-	47,507
Effect of Disposal of Shares (Cross Holding)	1	-	-	1	-	1
Balance as at 31st March 2014	**16,561**	**456,578**	**556,309**	**1,029,448**	**43,336**	**1,072,784**
Profit/(Loss) for the year	-	-	314,831	314,831	(10,202)	304,629
Comprehensive Income	-	127,455	-	127,455	55	127,510
Total Comprehensive Income	**-**	**127,455**	**314,831**	**442,286**	**(10,147)**	**432,138**
	-	-	-	-		
Expenses directly related to share issues			(350)	(350)	-	(350)
Reversal of Revaluation reserve transferred to Retained earnings		118,176	(118,176)	-	-	-
Revaluation Reserve on Disposal Property	-	(405,959)	405,959	-	-	-
Acquisition, disposal and changes in Non-controlling interest	-	-	-	-	2,950	2,950
Effect of Disposal of Shares (Cross Holding)	9	-	-	9	-	9
Balance as at 31st March 2015	**16,570**	**296,250**	**1,158,573**	**1,471,393**	**36,140**	**1,507,531**

Eamel Exports Limited has acquired 25,000 Shares of Eastern Merchants PLC prior to 21st May 1982. Subsequently the number of shares has increased up to 100,000 as a result of a bonus issue made by Eastern Merchants PLC on 24th June 1997. After the Sub-division of the Company shares, whereby one (1) existing share was sub-divided to seventy (70), the number of Ordinary Shares held by Eamel Exports limited has increased to 7,000,000. - Refer Note no 17

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 17 through 51 form an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31st March	Notes	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Cash Flows from Operating Activities					
Operating Profit/(Loss) before Working Capital Changes	A	(30,178)	(259)	(62,716)	(11,980)
(Increase)/Decrease in Inventories		52,373	74,494	49,945	76,437
(Increase)/Decrease in Debtors & Other Receivables		47,388	70,291	34,395	72,973
Increase/(Decrease) in Amounts due from/due to Related Parties		(4,652)	(96)	3,231	2,554
(Increase)/Decrease in Other Current Assets		-	(14,655)	14,532	(15,471)
Increase/(Decrease) in Other Current Liabilities		(21,059)	(1,636)	(2,895)	(1,451)
Increase/(Decrease) in Trade & Other Payables		-	15,107	(14,345)	18,361
Cash Generated from Operations		43,871	143,246	22,146	141,423
Finance Costs Paid		(21,681)	(32,616)	(28,968)	(41,455)
Defined Benefit Plan Cost Paid		(5,219)	(501)	(5,476)	(527)
Income Tax Paid		(3,982)	(4,244)	(3,982)	(4,244)
Cash Flows from/(Used in) Operating Activities		12,990	105,885	(16,280)	95,197
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(181,331)	(11,362)	(186,378)	(11,571)
Proceeds from Sale of Property, Plant & Equipment		1,085,516	4,911	1,043,463	4,911
Proceeds from Sale of Investments		-	-	1,137	140
Acquisition of Subsidiary & Investment		(687,453)	(50)	(621,932)	(50)
Finance Income excluding Dividend		-	-	1,253	4
Dividend Received		-	-	-	49
Cash Flows from/(Used in) Investing Activites		216,732	(6,501)	237,544	(6,517)
Cash Flows from/(Used in) Financing Activities					
Repayment of Interest Bearing Loans and Borrowings		(127,131)	(77,230)	(252,823)	(174,203)
Proceeds from Interest Bearing Loans and Borrowings		-	138,100	127,887	243,048
Cost of Share Issue		-	-	(350)	-
Settlement of Lease Rentals		(1,630)	(1,512)	(1,306)	(1,826)
Net Cash flows from/(used in) Financing Activities		(128,761)	59,358	(126,592)	67,019
Net Increase/(Decrease) in Cash & Cash Equivalents		100,961	158,742	94,672	155,699
Cash & Cash Equivalent at the beginning of the year		(47,283)	(206,025)	(51,947)	(207,646)
Cash & Cash Equivalent at the end of the year		53,678	(47,283)	42,725	(51,947)
Cash & Cash Equivalent					
Cash in hand & At Bank		53,678	36,644	54,228	40,998
Bank Overdrafts		-	(83,927)	(11,503)	(92,945)
Cash and Cash Equivalents at the end of the year		53,678	(47,283)	42,725	(51,947)

Cash Flow Statement

For the year ended 31st March	Notes	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Note A - Operating Profit/ (Loss) before Working Capital Changes					
Net Profit/(Loss) before Tax		291,071	(18,914)	270,956	(55,731)
Adjustments for;					
Negative Goodwill on Changes in Holding		-	-	-	(787)
Finance Costs		21,888	32,901	28,968	53,150
Finance Income including Dividend Income		-	-	(15,720)	(53)
Depreciation		17,265	17,295	23,224	22,457
(Profit)/Loss on Sale of Property, Plant & Equipment		(315,412)	(1,165)	(324,591)	(1,165)
(Profit)/Loss on Sale of Non-Current Investment		-	-	(1,137)	39
Change in fair Value of Investment Property		(46,250)	(35,707)	(46,250)	(35,707)
Provision for Gratuity		1,259	5,331	1,834	5,817
Operating Profit/ (Loss) before Working Capital Changes		**(30,178)**	**(259)**	**(62,716)**	**(11,980)**

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 17 through 51 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 registered office and the principal place of the business of the Company is located at 341, Union Place, Colombo 2.

1.2 The notes to the Financial Statements on pages 17 to 51 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

Principal activities of the Company, the Group's holding Company were exporting of rubber, desiccated coconuts, cinnamon and fiber.

1.5 Number of Employees

The number of employees at the end of the year was 92 (2014 - 135).

1.6 Approval of Financial Statements

The Financial Statements for year ended 31st March, 2015 were authorized for issue by the Directors on 14th August 2015.

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 Cash Flow Statement, 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. However the Company has not complied with LKAS 19, (Employee Benefit).

1.8 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March 2015. 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.

The following company, with equity control equal to or less than 50%, have been consolidated as subsidiaries based on the power to govern the financial and operating policies of those entities.

Subsidiary Company	Effective Holding %
Eamel Exports Ltd.	50.00

All the Subsidiaries consolidated have been listed below.

Subsidiary Company	Effective Holding %
Eamel Exports Ltd.	50.00
Asia Brush (Pvt) Ltd.	52.26
Asian Woodware Company (Pvt) Ltd.	56.50
Spice Lane (Pvt) Ltd.	91.50

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement 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 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 income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from parent' shareholders' equity.

The consolidated statement of Cash Flow includes the cash flows of the Company and its subsidiaries.

1.9. Responsibility for financial statements

The responsibility of the Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Measurement

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

2.2 Functional & Presentation 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'.

2.3 Use of 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:

2.4.1 **Judgements**

2.4.1.1 **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.10 of 2006 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.

2.4.2 **Estimates & Assumptions**

2.4.2.1 **Going Concern**

The Directors have made an assessment on the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in operation for the 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 the going concern basis.

2.4.2.2 **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.

2.5 **Foreign Currency Translation**

Transactions in foreign currencies are translated to Sri Lanka Rupees, which is the functional currency of the Company and its subsidiaries, at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Sri Lanka Rupees at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.6 **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.

2.7 **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 income statement is represented as if the operation had been discontinued from the start of the comparative period.

2.8 **Business combinations & goodwill**

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

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.

Notes to the Financial Statements

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, 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 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 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 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 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:

Assets	Rate
Buildings	5%
Plant & Machinery	10%
Electrical Installation	10%
Motor Vehicles	12.5%
Furniture & Fittings	10%
Office Equipment	10%
Stores & Other Equipment	10%
Fax Machine	20%
Computers	15%
Generators	12.5%

Depreciation of an asset begins when it is available for use and ceases at the earliest date that the asset as 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 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 income statement in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer.

Investment properties are derecognized 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 income statement 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 and 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 charged against income statement in the year in which the expenditure is incurred.

Notes to the Financial Statements

2.9.3.3 Useful economic lives, amortization and 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 with a finite useful life is reviewed at least at each financial year end and treated as accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement.

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 determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or ,if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are not recognized in the Group's statement of financial position and recognized as an operating expense in the income statement on a straight-line basis over the lease term.

2.9.5 Inventories

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

(a) Raw Materials

At actual cost on weighted average cost basis.

(b) Finished Goods & Work-in-Progress

At the cost of direct materials, direct labour and the Appropriate proportion of fixed variable & production overheads based on normal operating capacity.

(c) Packing Materials

At actual cost.

(d) Consumables & Spares

At actual cost.

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 Initial recognition & Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. 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

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial Assets at fair value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement. The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

(b) Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

(c) Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

(d) Available-for-Sale of Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in the income statement.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.9.7.3 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of the Group of similar financial assets) is derecognized when: asset have expired receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Group has transferred substantially all the risks and rewards of the asset, or

(b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's continuing involvement in it. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.9.7.4 Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) **Financial Assets carried at Amortized Cost**
For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(b) **Available-for-Sale of Financial Investments**
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

2.9.8 Financial Instruments - Financial liabilities

2.9.8.1 Initial Recognition & Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

2.9.8.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Loans & Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (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 in finance costs in the income statement.

2.9.9 Off Setting of Financial Instruments

Financial assets and financial liabilities are off-set and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.9.10 Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.9.11 Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of commodity contracts that meet the definition of a derivative as defined by LKAS 39 are recognized in the income statement in cost of sales. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

2.9.12 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit' or 'CGU'). An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

(a) Defined Benefit Plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Full provision has been made on account of retiring gratuity from the first year of service of the employee at half (1/2) month's salary for each year of service and as per gratuity formula method. The formula method involves making assumptions about discount rates, future salary increases, remaining working life of employees.

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 or it is actually valued. 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 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 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 arises 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, 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 recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized 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; or in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized 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 utilized.

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 utilized. Unrecognized 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 Company and the same Taxation authority.

(c) Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT), Economic Services Charge (ESC) and Nation Building Tax (NBT) in respect of trading activities. The Group pays such taxes in accordance with the respective statutes.

2.16 Revenue Recognition

The following specific criteria are used for the purpose of recognition of revenue

2.16.1 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.

2.16.2 Rendering of Services

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

2.16.3 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.

2.16.4 Dividend Income

Dividend income is recognized in profit and loss on the date the entity’s right to receive payment is established.

2.16.5 Rental Income

Rental income is recognized in profit and loss on an accrual basis.

2.16.6 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 Profit and Loss.

2.17 Expenditure Recognition

Expenses are recognized in 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 income in arriving at the profit for the year. For the purpose of presentation of Statement of Comprehensive Income the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

2.18 Events after the Reporting Date

All material events occurring after the reporting date have been considered and where necessary adjustments have been made to the Financial Statements.

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 Changes in accounting policies

The accounting policies adopted by the Group are consistent with those used in the previous year except for the following SLFRSs with effect from current year.

- Consolidated Financial Statements (SLFRS 10),
- Disclosure of Interests in Other Entities (SLFRS 12),
- Fair Value Measurement (SLFRS 13).

2.22.1 SLFRS 10 Consolidated Financial Statements

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities.

SLFRS 10 replaces the parts of previously existing LKAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. SLFRS 10 changes the definition of control such that an investor controls an investee has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in SLFRS 10, all three criteria must be met, including:

(a) an investor has power over an investee;

(b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and

(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

2.22.2 SLFRS 12 Disclosure of Interests in Other Entities

SLFRS 12 requires that an entity disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- that it has control of another entity,
- that it has joint control over an arrangement or significant influence over another entity,
- the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle.

  An entity must disclose, for example, significant judgements and assumptions made in determining that:

- it does not control another entity even though it holds more than half of the voting rights of that entity
- it controls another entity even though it holds less than half of the voting rights of that entity
- it is an agent or principal as defined by SLFRS 10
- it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity
- it has significant influence even though it holds less than 20 per cent of the voting rights of another entity

The Group does not have any interest in unconsolidated structured entities.

2.22.3 SLFRS 13 Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements.

SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Group except for the new disclosure requirements which have been made in Note No. 26.

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 set 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 companies.

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 companies use 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, Note No. 26.

2.23 New Accounting Standards (SLFRS/LKAS) issued but not yet effective

The following SLFRs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRs will have an effect on the Accounting Policies currently adopted by the Company and may have an impact on the future Financial Statements.

SLFRS 9 – Financial Instruments: Classification and Measurement

SLFRS 9 replaces LKAS 39 and applies to classification and measurement of Financial Assets and Financial Liabilities as defined in LKAS 39.

SLFRS 9 will be become effective on 01st January 2018. The impact on the implementation of the above Standard has not been quantified yet.

SLFRS 14 - Regulatory Deferral Accounts

The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

SLFRS 14 will be become effective on 01st January 2016. The impact on the implementation of the above Standard has not been quantified yet.

SLFRS 15 – Revenue from contracts with customers

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of Financial Statements about the nature, amount timing and uncertainly of revenue and Cash Flows arising from a contract with a customer.

SLFRS 15 will become effective on 01st January 2018. The impact on the implementation of the above Standard has not been quantified yet.

3 OTHER INCOME

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Rent	21,440	26,272	21,440	26,272
Profit on Sale of Property, Plant & Equipment	315,412	1,165	324,591	1,165
Profit on Disposal of Non-Current Investment	-	-	1,137	(39)
Exchange Gain	243	-	346	40
Scrap Sales	26	-	56	7
Creditors Written-back	-	-	35	61
Profit/(Loss) Sale of Tea	20	(437)	124	(437)
Negative Goodwill on Changes in Holding	-	-	-	787
Insurance Claim	-	-	242	-
	337,141	27,000	347,969	27,856

4 PROFIT FROM OPERATIONS BEFORE INTEREST

Profit from Operations is stated after charging all expenses including the following;

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Depreciation	17,265	17,295	23,224	22,457
Directors' Emoluments	14,618	15,260	15,986	16,495
Auditors' Remuneration	590	590	837	880
Charity & Donations	306	336	392	467
Defined Benefit Plan Cost - Gratuity	1,259	5,331	1,759	5,817
Defined Benefit Plan Cost - E.P.F. & E.T.F.	4,103	4,605	5,260	5,569
Staff Expenses	30,815	36,527	46,006	50,140

5 FINANCE EXPENSES

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Interest on Bank Loans & Other Charges	21,681	32,616	28,761	38,717
Market Value Change in Available for Financial Assets	-	-	-	11,340
Finance Charges on Lease Liabilities	207	285	207	355
Exchange Loss	-	-	768	-
Finance Cost on Other Financial Instruments	-	-	3,106	2,738
	21,888	32,901	32,842	53,150

Notes to the Financial Statements

6 FINANCE INCOME

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Interest Income	1,098	-	1,102	3
Dividend	-	-	150	49
Market Value Change in Available for Financial Assets	-	-	14,468	-
Finance Income on Other Financial Instruments	107	96	-	1
	1,205	96	15,720	53

7 INCOME TAX EXPENSES

The major components of Income Tax Expense are as follows:

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
7.1 Current Income Tax Charge				
Current Income Tax Charge	3,982	4,690	3,993	6,248
10% Withholding Tax on Inter Company Dividends	-	-	-	-
Deferred Tax				
Deferred Tax Charge /(Release)	(37,666)	(16,861)	(37,666)	(16,861)
Income Tax Expenses Reported in the Income Statement	(33,684)	(12,171)	(33,673)	(10,613)

7.2 A reconciliation between Tax Expense and the product of Accounting Profit multiplied by the Statutory Tax Rate is as follows :

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Accounting Profit/(Loss) before Tax	291,071	(18,914)	262,292	(27,588)
Non - Deductible Expenses	19,507	23,962	26,251	35,409
Income not Part of Income Tax	(361,769)	-	(379,792)	-
Deductible Expenses	(16,345)	(68,081)	(21,600)	(60,061)
Adjusted Profit/ (Loss) on Trade Business	(67,536)	(63,033)	(112,849)	(52,240)
Income from Rent	20,780	25,769	20,780	26,271
Interest Income	1,098	-	1,101	-
Agriculture Income	20	-	124	-
Total Statutory Income	21,898	25,769	22,005	26,271
Set off against Tax Losses	(7,664)	(9,019)	(7,700)	(9,195)
Assessable Income	14,234	16,750	14,305	17,076
Deduction from Assessable Income	-	-	-	-
Taxable Income	14,234	16,750	14,305	17,076
Tax on Taxable Income				
Tax on Qualified Export Profit at 12%	-	-	-	-
Tax on Agriculture Profit at 10%	2	-	2	-
Income Tax on Normal Rate 28%	3,980	4,596	4,005	4,781
Previous Year Under Provision	-	-	-	272
Tax on Distributable Profit	-	-	-	1,281
	3,982	4,596	4,007	6,334

7 INCOME TAX EXPENSES (CONTD/...)

7.3 Deferred Tax

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Accelerated Depreciation for Tax Purposes	(53,319)	(262)	(53,319)	(262)
Employee Benefit Liabilities	3,969	(1,353)	3,969	(1,353)
Other	11,686	(15,246)	11,686	(15,246)
Deferred Tax Charge / (Release)	(37,665)	(16,861)	(37,665)	(16,861)

7.4 Applicable Rates of Income Tax

The tax liability of the Group Companies are computed at the standard rate of 28% except for the following Companies which enjoy full or partial exemptions and concessions.

Company	Basis	Concession	Period
Eastern Merchants PLC	Exporting Non Traditional Commodities	12%	Open Ended
	Agriculture Income - Tea Plantation	10%	Open Ended
Asia Brush (Pvt) Ltd	Exporting Non Traditional Commodities	12%	Open Ended
Asian Woodware Company (Pvt) Limited	Exporting Non Traditional Commodities	12%	Open Ended
Spice Lane (Pvt) Limited	Exporting Non Traditional Commodities	12%	Open Ended
	Agriculture Income - Tea Plantation	10%	Open Ended

8 EARNINGS PER SHARE

8.1 Basic earnings per share is calculated by dividing the Net Profit for the year attributable to ordinary shareholders of the Company by the weighted average Number of Ordinary Shares.The following reflects the Income and Share data used in the Basic earnings per share computation.

For the year ended 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Amount used as the Numerator				
Net Profit Attributable to Ordinary Shareholders	324,255	(6,743)	314,831	(26,983)
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares (Thousands)	117,446	117,446	117,446	117,446
Basic Earning per Share (Rs.)	2.77	(0.06)	2.68	(0.23)

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

8.2 Dividend per Share

Amount used as the Numerator				
Dividend & Paid during the year				
First & Final Dividend	-	-	-	-
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares (Thousands)	117,446	117,446	117,446	117,446
Dividend per Share (Rs.)	-	-	-	-

9 PROPERTY, PLANT & EQUIPMENT

9.1 Company

		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	Lease Motor Vehicle Rs.'000	Total Rs.'000
9.1.1	**Cost / Revaluation**										
	As at 01st April 2014	**394,550**	**112,240**	**18,072**	**77,342**	**4,445**	**7,122**	**7,796**	**5,551**	**5,364**	**632,482**
	Additions	156,715	-	16,042	8,419	-	-	29	126	-	181,331
	Surplus on Revaluation of Property *	90,186	36,674	-	-	-	-	-	-	-	126,860
	Transfers/Adjustments	-	(18,963)	-	-	-	-	-	-	-	(18,963)
	Disposals	(318,101)	(36,386)	(400)	(10,750)	(145)	(852)	(1,825)	-	-	(368,459)
	As at 31st March 2015	**323,350**	**93,565**	**33,714**	**75,011**	**4,300**	**6,270**	**6,000**	**5,677**	**5,364**	**553,251**
9.1.2	**Depreciation**										
	As at 01st April 2014	**-**	**22,448**	**14,044**	**20,152**	**3,650**	**6,380**	**7,072**	**4,904**	**1,677**	**80,327**
	Charge for the year	-	4,821	1,606	9,332	183	277	189	186	671	17,265
	Disposals	-	(8,306)	(396)	(2,688)	(146)	(853)	(1,660)	-	-	(14,049)
	Transfers/Adjustments	-	(18,963)	-	-	-	-	-	-	-	(18,963)
	As at 31st March 2015	**-**	**-**	**15,254**	**26,797**	**3,687**	**5,804**	**5,601**	**5,090**	**2,348**	**64,581**
9.1.3	**Net Book Value**										
	As at 31st March 2014	394,550	89,792	4,028	57,190	795	742	724	647	3,687	552,155
	As at 31st March 2015	323,350	93,565	18,460	48,215	613	466	399	587	3,016	488,670

9.1.4 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		2015 Cost Rs.'000	2015 Accumulated Depreciation Rs.'000	2015 Net Book Value Rs.'000	2014 Accumulated Cost Rs.'000	2014 Net Book Depreciation Rs.'000	2014 Value Rs.'000
Land		24,114	-	24,114	24,114	-	24,114
Add:	Addition during the year	156,715	-	156,715	-	-	-
Less:	Disposal during the year	(17,820)	-	(17,820)	-	-	-
		163,009	-	163,009	24,114	-	24,114
Buildings		64,523	-	64,523	64,523	-	64,523
Less:	Cost of Building Disposed	(22,882)	(37,044)	(59,926)	-	(50,473)	(50,473)
		41,641	(37,044)	4,597	64,523	(50,473)	14,050
Total		204,650	(37,044)	167,606	88,637	(50,473)	38,164

9.1.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 181.33 Mn (2014 - Rs. 11.3 Mn). Cash payments amounting to Rs.181.33 Mn (2014 - Rs. 11.3 Mn) were made during the year for purchase of Property, Plant and Equipment.

9.1.6 Property, Plant & Equipment includes fully depreciated assets having gross carrying value of Rs. 25.790 Mn (2014 - Rs. 25.173 Mn.)

9.2 Group

		Land	Buildings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Office Equipment	Stores & Other Equipment	Computer Hardware	Lease Motor Vehicle	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
9.2.1	Cost / Revaluation										
	As at 01st April 2014	**434,755**	**167,793**	**57,542**	**81,278**	**5,158**	**7,914**	**13,537**	**7,541**	**7,163**	**782,681**
	Additions	156,715	4,512	16,201	8,419	42	-	331	158	-	186,378
	Surplus on Revaluation of Property *	90,186	37,324	-	-	-	-	-	-	-	127,510
	Transferred to Investment Property	-	(18,963)	-	-	-	-	-	-	-	(18,963)
	Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-
	Disposals	(285,207)	(15,266)	(400)	(10,750)	(145)	(852)	(1,660)	-	-	(314,280)
	As at 31 March 2015	**396,449**	**175,400**	**73,343**	**78,947**	**5,055**	**7,062**	**12,208**	**7,699**	**7,163**	**763,326**
9.2.2	**Depreciation**										
	As at 01st April 2014	-	24,696	46,015	21,550	4,321	7,200	11,976	6,742	2,352	124,852
	Charge for the year	-	8,468	2,867	9,566	204	305	449	224	1,141	23,224
	Disposals	-	(8,306)	(396)	(2,688)	(146)	(853)	(1,660)	-	-	(14,049)
	Transfers/Adjustments	-	(18,963)			-	-	-	-	-	(18,963)
	As at 31st March 2015	**-**	**5,895**	**48,486**	**28,429**	**4,379**	**6,652**	**10,765**	**6,966**	**3,493**	**115,064**
9.2.3	**Net Book Value**										
	As at 31st March 2014	434,755	143,097	11,527	59,728	837	714	1,561	799	4,811	657,830
	As at 31st March 2015	**396,449**	**169,506**	**24,857**	**50,519**	**676**	**410**	**1,443**	**733**	**3,670**	**648,262**

9 PROPERTY, PLANT & EQUIPMENT (CONTD/...)

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

Class of Asset		2015 Cost Rs.'000	2015 Accumulated Depreciation Rs.'000	2015 Net Book Value Rs.'000	2014 Cost Rs.'000	2014 Accumulated Depreciation Rs.'000	2014 Net Book Value Rs.'000
Land		24,662	-	24,662	24,662	-	-
Add:	Addition during the year	156,715	-	156,715	-	-	-
Less:	Disposal during the year	(17,820)	-	(17,820)	-	-	24,662
		163,557	-	163,557	24,662	-	24,662
Buildings		84,237	-	84,237			
Less:	Cost of Building disposed	(4,377)	(17,330)	(21,707)	84,237	(61,813)	22,424
		79,860	(17,330)	62,530	84,237	(61,813)	22,424
Total		243,417	(17,330)	226,087	108,899	(61,813)	47,086

9.2.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 186.378 Mn (2014- Rs. 11.571 Mn).Cash payments amounting to Rs.186.378 Mn (2014 - Rs. 11.571 Mn) were made during the year for purchase of Property, Plant and Equipment.

9.3 Property, Plant & Equipment includes fully depreciated assets having gross carrying value of Rs. 59.50 Mn (2014 - Rs. 54.312 Mn.)

9.4 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.

Property	Method of Valuation	Effective date of Valuation	Property Valuer
Eastern Merchant PLC Land & Building situated at No 101, Gonawela Rd, Heiyantuduwa, Sapugaskanda	Market Value	31st March 2015	Dr. Gaminda Haegoda Chartered Valuation Surveyor
Land No,42,Castle Street,Colombo 08	Market Value	31st March 2015	Fair Value Based on Transaction Date
Spice Lane (Pvt) Ltd Land & Building situated at Atakalan Estate, Baddagama Rd, Ampegama	Market Value	31st March 2015	Dr. Gaminda Haegoda Chartered Valuation Surveyor
Asia Brush (Pvt) Ltd Land and Building No. 520, A/1, Susilarama Road, Malabe	Investment method	31st March 2013	Dr. Gaminda Haegoda Chartered Valuation Surveyor
Asian Woodware Company (Pvt) Ltd Buildings - Lot No 42, P.P.Co 8109 of Arthurfield Watta, Seethawawa Industrial Park , Export Processing Zone, Avissawella	Open market value	16 th January 2013	

10 INVESTMENT PROPERTY

	Company		Group	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	507,692	352,474	507,692	352,474
Value of Land Transferred from Owner Occupied	-	119,511	-	119,511
Value of Investment Property sold during the year	(415,692)	-	(415,692)	-
Change in Fair Value during the year	46,250	35,707	46,250	35,707
Balance at the End of the year	138,250	507,692	138,250	507,692

10.1 The Board of Directors has adopted the fair value model to value the investment properties of the Company. Consequently the fair value of investment property has been considered based on the valuation done by Dr. Gaminda Heagoda, who is an incorporated valuer. This includes the value of Land and building rented out at the Sapugaskanda property which was valued at fair value by Dr. Gaminda Heagoda as at 31st March 2015.

10.2 Rental Income earned from Investment Property by the Company and the Group was Rs. 20.7 Million. (2014 - Rs. 25.70 Million). Direct operating expenses incurred by the Company and the Group was Rs. 659,773. (Rs. 502,890 in 2014)

10.3 The carrying amount of Investment Property if they were carried at cost less depreciation would be as follows;

	Company		Group	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Land - Cost	15,033	13,698	15,033	13,698
Add: Transferred from Owner Occupied	-	1,335	-	1,335
Less: Cost of Disposal Land	(12,918)	-	(12,918)	-
Book Value	2,115	15,033	2,115	15,033
Building - Cost	34,114	34,114	34,114	34,114
Accumulated Depreciation	(15,447)	(14,354)	(15,447)	(14,354)
Less: Cost of Disposal Building	(12,236)	-	(12,236)	-
Accumulated Depreciation of Disposal Building	12,236	-	12,236	-
Net Book Value	18,667	19,760	18,667	19,760
Net Book Value of Investment Property	20,782	34,793	20,782	34,793

11 INTANGIBLE ASSETS

	Company		Group	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance as at the beginning of the year	-	-	3,460	3,460
Goodwill Arising on Acquisition	-	-	-	-
Balance as at the end of the year	-	-	3,460	3,460

11.1 Goodwill reflects the excess of the purchase consideration made for the carrying value of assets and liabilities acquired in acquiring the Asian Woodware Company (Pvt) Limited.

12 INVESTMENTS

As at 31st March	Note	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Investments held by the Company in Subsidiaries	12.1	73,778	12,728	-	-
		73,778	12,728	-	-

12.1 Investment Held by the Company in Subsidiaries

	Company				Group			
	No. of Shares		Book Value		No. of Shares		Book Value	
As at 31st march	2015	2014	2015 Rs.'000	2014 Rs.'000	2015	2014	2015 Rs.'000	2014 Rs.'000
Unquoted - Consolidated								
Eamel Exports Ltd.	25,000	25,000	1,115	1,115	-	-	-	-
Asian Woodware Company (Pvt) Ltd.	487,996	487,996	4,880	4,880	-	-	-	-
Asia Brush (Pvt) Ltd.	752,497	752,497	6,733	6,733	-	-	-	-
Spice Lane (Pvt) Ltd.	6,105,000	-	61,050	-	-	-	-	-
			73,778	12,728			-	-

13 INVENTORIES

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Raw Materials	-	-	9,084	18,523
Work-in-progress	-	-	12,695	2,217
Finished Goods	40,920	93,793	43,121	94,773
Packing Materials	3,551	3,050	3,911	3,242
	44,471	96,843	68,811	118,755

14 TRADE & OTHER RECEIVABLES

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Trade Receivables	2,182	37,317	5,816	39,921
Other Receivables	2,248	2,547	2,288	2,564
Loans to Company Officers	-	-	-	14
	4,430	39,864	8,104	42,499

15 OTHER CURRENT ASSETS

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Pre-payments & Non Cash Receivables	22,112	33,080	24,023	36,676
Tax Refunds	12,402	14,280	12,815	14,694
	34,514	47,360	36,838	51,370

16 SHORT TERM INVESTMENTS

As at 31st March	Note	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Financial Assets at Fair Value through Profit or Loss	16.1	-	-	56,187	46,191
		-	-	56,187	46,191

16.1 Financial Assets at Fair Value Through Profit or Loss

		Group			
AS AT 31ST MARCH	No. of Shares	Cost 2015 Rs.'000	Cost 2014 Rs.'000	Market Value 2015 Rs.'000	Market Value 2014 Rs.'000
Eastern Merchant PLC	5,828,214	781	781	54,576	42,365
Seylan Bank PLC (Non Voting)	-	-	3,287	-	2,072
Ceylon Leather Products PLC	20,000	252	252	42	16
Ceylon Leather Products PLC	7,500	689	689	641	430
Piramal Glass PLC	50,000	305	305	285	170
Diesel & Motor Engineering PLC	1,020	1,002	1,002	643	515
MTD Walkers	-	-	161	-	211
Kegalle Plantation Limited	-	-	103	-	105
Overseas Reality (Ceylon) PLC	-	-	201	-	307
		3,029	6,781	56,187	46,191

17 STATED CAPITAL

	Value			
	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Issued & Fully Paid	16,778	16,778	16,570	16,561

	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Issued & Fully Paid	117,446	117,446	111,598	111,363
Number of Shares	117,446	117,446	111,598	111,363

17 STATED CAPITAL (CONTD/....)

17.1 The Effect of Cross Holding to the Group stated capital is given below.

	No of Shares Rs.'000	Cost Rs.'000
Stated Capital of the Company	117,446	16,778
Shares Acquired before 21st May 1982	(7,000)	(250)
	110,446	16,528
Shares Disposed as at 31/03/2014	917	33
Balance as at 31st March 2014	111,343	16,561
Shares Disposed during the Year	255	9
Balance as at 31st March 2015	111,598	16,570

18 REVENUE RESERVES

	Company		Group	
As at 31st March	**2015 Rs.'000**	**2014 Rs.'000**	**2015 Rs.'000**	**2014 Rs.'000**
Retained Earnings				
Balance - As per Equity Statement	1,143,732	531,194	1,158,573	556,309
Total Revenue Reserves	1,143,732	531,194	1,158,573	556,309

19 OTHER COMPONENTS OF EQUITY

	Company		Group	
As at 31st March	**2015 Rs.'000**	**2014 Rs.'000**	**2015 Rs.'000**	**2014 Rs.'000**
Capital Reserves				
Revaluation Reserve	277,447	438,370	296,250	456,578
Available for Sale Reserve	-	-	-	-
Total Capital Reserve	277,447	438,370	296,250	456,578

The revaluation reserve relates to revaluation of freehold Lands & Buildings and represents the increase in the fair value of these Lands & Buildings.

20 INTEREST BEARING BORROWINGS

20.1 Company

As at 31st March		Notes	2015 Amount Re-payable within 1 year Rs.'000	2015 Amount Re-payable after 1 year Rs.'000	2015 Total Rs.'000	2014 Amount Re-payable within 1 year Rs.'000	2014 Amount Re-payable after 1 year Rs.'000	2014 Total Rs.'000
20.1.1	Bank Loans	20.1.1.1	27,085	-	27,085	151,539	2,794	154,333
	Finance Leases	20.1.1.2	657	-	657	1,385	578	1,963
			27,742	-	27,742	152,924	3,372	156,296
20.1.2	Bank Overdrafts		-	-	-	83,927	-	83,927
			-	-	-	83,927	-	83,927
			27,742	-	27,742	236,851	3,372	240,223

20.1.1.1 Bank Loans

	As at 01/4/2013 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2014 Rs.'000	Loans obtained Rs.'000	Re-payment Rs.'000	As at 31/03/2015 Rs.'000
Bank Loans	93,463	138,100	(77,230)	154,333	15,400	(142,648)	27,085
	93,463	138,100	(77,230)	154,333	15,400	(142,648)	27,085

20.1.1.2 Finance Leases

	As at 01/4/2013 Rs.'000	New Leases Obtained Rs.'000	Re-payments Rs.'000	As at 31/03/2014 Rs.'000	New Leases Obtained Rs.'000	Re-payments Rs.'000	As at 31/03/2015 Rs.'000
N.D.B	3,190	-	(1,227)	1,963	-	(1,306)	657
	3,190	-	(1,227)	1,963	-	(1,306)	657
Gross Liability	3,656			2,143			675
Finance Charges Allocated to Future Periods	(466)			(180)			(18)
	3,190			1,963			657

20.2 Group

As at 31st March	Notes	2015 Amount Re-payable within 1 year Rs.'000	2015 Amount Re-payable after 1 year Rs.'000	2015 Total Rs.'000	2014 Amount Re-payable within 1 year Rs.'000	2014 Amount Re-payable after 1 year Rs.'000	2014 Total Rs.'000
20.2.1 Bank Loans	20.2.1.1	69,215	-	69,215	189,151	5,000	194,151
Finance Leases	20.2.1.2	712	-	712	1,440	578	2,018
		69,927	-	69,927	190,591	5,578	196,169
20.2.2 Bank Overdrafts		11,503	-	11,503	92,945	-	92,945
		11,503	-	11,503	92,945	-	92,945
		81,430	-	81,430	283,536	5,578	289,114

20.2.1.1 Bank Loans

	As at 01/4/2013 Rs.'000	Loans obtained Rs.'000	As at Re-payment Rs.'000	Loans 31/03/2014 Rs.'000	As at obtained Rs.'000	Re-payment Rs.'000	31/03/2015 Rs.'000
Bank Loans	125,339	243,048	(174,236)	194,151	127,887	(252,823)	69,215
	125,339	243,048	(174,236)	194,151	127,887	(252,823)	69,215

20.2.1.2 Finance Lease

	As at 01/4/2013 Rs.'000	New Leases Obtained Rs.'000	Re-payments Rs.'000	As at 31/03/2014 Rs.'000	New Leases Obtained Rs.'000	Re-payments Rs.'000	As at 31/03/2015 Rs.'000
L.O.L.C	55	-	-	55	-	-	55
N.D.B	3,190	-	(1,227)	1,963	-	(1,306)	657
B.O.C	244	-	(244)	-	-	-	-
	3,489	-	(1,471)	2,018	-	(1,306)	712
Gross Liability	3,955			2,198			730
Finance Charges allocated to Future Periods	(498)			(180)			(18)
	3,457			2,018			712

21 DEFERRED TAX

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Balance at the beginning of the year	17,655	34,516	17,655	34,516
Charge/(Reversal) for the year	(37,666)	(16,861)	(37,666)	(16,861)
Balance at the end of the year	(20,011)	17,655	(20,011)	17,655

21.1 Recognized Deferred Tax Assets & Liabilities

Deferred Tax Assets & Liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Property, Plant & Equipment	-	-	3,009	56,328	3,009	56,328
Employee Benefit Liabilities	(2,144)	(6,113)	-	-	(2,144)	(6,113)
Other	(20,877)	(32,560)	-	-	(20,874)	(32,560)
Net Tax (Assets)/ Liabilities	(23,019)	(38,673)	3,009	56,328	(20,010)	17,655

Movement in Temporary Difference during the year

	Balance as 1st April 2014 Rs.'000	Recognized in Income Statement Rs.'000	Balance as 31st March 2015 Rs.'000
Property, Plant & Equipment	56,328	(53,319)	3,009
Employee Benefit Liabilities	(6,113)	3,969	(2,144)
Other	(32,560)	11,686	(20,874)
	17,655	(37,665)	(20,010)

22 RETIREMENT BENEFIT OBLIGATIONS

	Company		Group	
As at 31st March	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the Beginning of the year	21,830	17,000	25,054	19,765
Provision for the year	1,260	1,207	1,628	1,536
Interest for the year	-	767	174	912
Deficit/ (Surplus) Charge for the year	-	3,357	32	3,369
Payments made during the year	(5,219)	(501)	(5,476)	(528)
Balance at the end of the year	17,871	21,830	21,412	25,054

23 AMOUNTS DUE TO/DUE FROM RELATED PARTIES

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
23.1 Amount due from Related Parties				
Eamel Exports (Pvt) Ltd. - Loan	339	-	-	-
Asia Brush (Pvt) Ltd.	19,817	893	-	-
	20,156	893	-	-
23.2 Amount due to Related Parties				
Spice Lane (Pvt) Ltd.	13,719	-	-	
Director's Current Account	-	-	28,588	25,357
	13,719	-	28,588	25,357

24 TRADE & OTHER PAYABLES

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Trade Creditors including Accrued Expenses	4,011	22,353	16,743	31,088
	4,011	22,353	16,743	31,088

25 OTHER CURRENT LIABILITIES

As at 31st March	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
Other Non Financial Liabilities	3,060	5,777	3,060	5,777
Income Tax Payable	-	-	248	426
	3,060	5,777	3,308	6,203

26 FINANCIAL INSTRUMENTS

Financial Assets & Liabilities are split into categories in accordance with LKAS 39 as follows.

As at 31st March	Note	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
26.1 Financial Assets by Categories					
26.1.1 Financial Instruments in Non-Current Assets					
Investments in Subsidiaries	12	73,778	12,728	-	-
Amounts due from Related Parties		20,156	893	-	-
		93,934	13,621	-	-

As at 31st March	Note	Company 2015 Rs.'000	Company 2014 Rs.'000	Group 2015 Rs.'000	Group 2014 Rs.'000
26.1.2 Financial Instruments in Current Assets					
Trade & Other Receivables	14	4,430	39,864	8,104	42,499
Cash in hand & At Bank		53,678	36,644	54,228	40,998
Total Loans & Receivables		58,108	76,508	62,333	83,497
26.1.3 Financial Assets at Fair Value through Profit or Loss					
Financial Instruments in Current Assets					
Short Term Investments	16	626,403	-	56,187	46,191
		626,403	-	56,187	46,191
Total Financial Assets		778,446	90,129	118,520	129,688
26.2 Financial Liabilities by Categories					
26.2.1 Financial Instruments in Non-Current Liabilities					
Interest Bearing Borrowings	20.1.1	-	3,372	-	5,578
Amounts due to Related Parties	23	13,719	-	28,588	25,357
		13,719	3,372	28,588	30,935
26.2.2 Financial Instruments in Current Liabilities					
Trade & Other Payables	24	4,011	22,353	16,743	31,088
Current Portion of Interest Bearing Borrowings	20.1.1	27,742	152,924	69,927	190,591
Bank Overdrafts	20.1.2	-	83,927	11,503	92,945
Total Financial Instruments in Current Liabilities		31,753	259,204	98,173	314,624
Total Financial Liabilities		45,472	262,576	126,761	345,559

27 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.

27.1 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.

27.2 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.

27.3 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:

* Interest rate risk   * Currency risk   * Equity price risk   * Commodity price risk

28 DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS

28.1 The Directors of the Company are also Directors of the Following Related Companies

Name of the Directors	Asia Brush (Pvt) Ltd.	Eamel Exports Ltd.	Asian Woodware Company (Pvt) Ltd.	Spice Lane (Pvt) Ltd.
Mr. J.B.L. de Silva	✓	✓	✓	✓
Mr. H.J. de Silva	✓	✓	✓	✓
Mr. C.S.L. de Silva	✓	✓	✓	✓
Mr. I. P. de Zoysa	-	-	-	✓
Mr. N.K.L. Tilakaratna	✓	✓	✓	-
Mr. S.A. Chandraratne	-	✓	-	-
Mrs. C.I. Tilakaratna	✓	-	✓	-
Mr. S. Jayakody	-	✓	-	✓

28.2 Details of Significant Related Party Transactions are Disclosed as Follows;

	For the Year Ended 31st March Nature of Transactions	2015 Rs.'000	2014 Rs.'000
A	**Eamel Exports Ltd. & Eastern Merchants Plc**		
	Payments made by the Company on behalf of Eamel Exports Ltd.	339	-
	Payments by Eamel Exports Ltd on behalf of the Eastern merchant Plc	-	264
	Eastern Merchants Plc has Acquired Shares of Eamel Export Ltd.	-	50
B	**Asian Brush (Pvt) Ltd. & Asian Woodware Company (Pvt) Ltd.**		
	Operating Expenses made on behalf of Asian Woodware Company (Pvt) Ltd.	23,997	25,138
	Operating Expenses made by Asian Woodware Company (Pvt) Ltd on Behalf of the Company	4,087	7,710
	Purchase from Asian Woodware Company (Pvt) Ltd	13,024	10,696
	Fund Transferred from Asian Woodware Company (Pvt) Ltd	6,158	7,948
	Fund Transferred to Asian Woodware Company (Pvt) Ltd	8,984	7,907
C	**Asian Brush (Pvt) Ltd. & Eamel Exports Limited**		
	Interest free loan granted by Eamel Exports Ltd	-	1,000
D	**Spice Lane (Private) Limited & Eastern Merchants Plc**		
	Net Funds Transferred to Spice Lane (Private) Ltd	-	892.40
	Payments by Eamel Exports Ltd.on behalf of the Company	13,719	-
	The Eastern Merchants PLC has acquired Shares of Spice Lane (Pvt) Ltd	61,050	-

28.3 Outstanding Amounts due from related parties and due to related parties are disclosed in the note no 23 and statement of Financial Position .

28.4 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	**2015 Rs.'000**	**2014 Rs.'000**	**2015 Rs.'000**	**2014 Rs.'000**
Short Term Employee Benefits				
Directors Remuneration	14,618	15,260	15,986	16,495

29 ASSETS PLEDGED

The following Assets have been pledged as Security for Liabilities.

Name of Institution Granting Facility	Nature of Assets	Nature of Liability Rs.'000	Amount of Facility Rs.'000	Amount as at 31/03/2015 Pledged Rs.'000	Included in
29.1 Eastern Merchants PLC - Parent Company					
Hatton National Bank PLC	Primary Mortgage over property at 101. Gonawala Road, Sapugaskanda for Rs. 150 Mn.	O/D and cash line facility.	150,000	555,165	Property Plant and Equipment & Investment Property
Nations Trust Bank PLC	1). Mortgage over stocks and book debts - in place	O/D & Cash line facility.	70,000	44,471	Inventories
DFCC	1). Mortgage over stocks and book debts	Cash line facility	250,000	4,428	Trade Receivables
29.2 Asia Brush (Pvt) Ltd - Subsidiary Company					
Bank of Ceylon	1). Mortgage over Plant & Machineries, stocks and book debts - in place	O/D	4,500	64,503	Property Plant and Equipment
		DA/DP	5,000	3,635	Trade Receivables
		PCL	14,000	9,119	Inventories
		Term Loan	5,950		

30 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.

31 EVENTS OCCURRING AFTER THE REPORTING DATE

31.1 First and Final Dividend

The Board of Directors of the Company has recommended the declaration of a first and final dividend of Rs.0.06 (Six Cents) per share for the Financial Year ended 31st March 2015. As required by section 56 (2) of the Companies Act no 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the companies Act No.07 of 2007 and has obtained a certificate from auditors, prior to declaring a final dividend.

In accordance with LKAS 10, events after the reporting period, the final dividend has not been recognized as a liability in the Financial Statements as at 31st March 2015.

31.2 Commercial operations at the subsidiary companies Asia Brush (Pvt) Ltd. and Asian Woodware Company (Pvt) Ltd. have been stopped with effect from 30th April 2015. However the Financial Statements do not include any adjustments that may be required to the recorded asset, amounts and classifications of liabilities, which should be made if the Company could not continue as a going concern.

32 SEGMENT INFORMATION

Information based on the Primary Segments (Business Segment)

	Manufacturing & Export of Coir & Rubber wood brushes		Export of Traditional & Non traditional Products	
As at 31st March	**2015**	**2014**	**2015**	**2014**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Total Sales	83,253	78,519	715,632	1,589,657
Other Income	409	108	337,245	27,000
Segment Revenue	83,662	78,627	1,052,877	1,616,657
Segment Results	(27,221)	(18,097)	260,006	(21,816)
Finance Expenses				
Finance Income				
Change in fair value of Investment Property				
Profit before Taxation				
Tax Provision				
Profit for the Year				
Other Comprehensive Income				
Total Comprehensive Income				
Attributable To				
Equity holders of the company				
Minority Interest				
Profit for the year				
Assets				
Segment Assets	172,484	166,841	1,498,708	1,320,125
Other Investments	2,200	2,200	73,778	12,728
Total Assets	174,684	169,041	1,572,486	1,332,853
Liabilities				
Other Segment Liabilities	124,255	83,152	21,116	28,130
Interest bearing borrowings	53,688	48,891	27,742	240,223
Deferred Tax Liabilities	-	-	3,009	56,328
Retirement benefit obligations	3,541	3,224	17,871	21,830
Total Liabilities	181,484	135,267	69,737	346,511

Other		Inter Group Adjustment		Group Total	
2015	2014	2015	2014	2015	2014
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	10,561	(13,866)	(10,696)	785,019	1,668,041
1,137	(39)	9,179	787	347,970	27,856
1,137	10,522	(4,687)	(9,909)	1,132,990	1,695,897
378	980	8,666	(592)	241,830	(38,341)
				(32,842)	(53,150)
				15,720	53
				46,250	35,707
				270,956	(55,730)
				33,673	10,613
				304,630	(45,117)
				127,510	47,507
				432,140	2,390
				442,286	20,524
				(10,147)	(18,135)
				432,139	2,389
33,263	26,034	(97,077)	(51,724)	1,607,375	1,461,276
56,396	57,928	(76,187)	(15,145)	56,187	46,191
89,659	83,962	(173,264)	(66,869)	1,663,562	1,507,467
426	79	(95,619)	(47,174)	50,178	64,187
-	-	-	-	81,430	289,114
-	-	-	-	3,009	56,328
-	-	-	-	21,412	25,054
426	79	(95,619)	(47,174)	156,028	434,683

Shareholder Information

Top twenty shareholders as at 31st March, 2015

Name of Shareholder	No. of Shares	%
J. B. L. de Silva	32,382,280	27.57%
H. J. de Silva	16,121,140	13.73%
C. I. Tilakaratna	15,152,640	12.90%
C. S. L. de Silva	14,581,140	12.42%
N. S. Karunaratne	12,629,120	10.75%
Eamel Exports Ltd.	5,828,214	4.96%
S. de A. Rajapakse	2,940,000	2.50%
A. Karunaratne	2,850,800	2.43%
J. B. L. de Silva/K. G. A. de Rajapakse/N. Senanayake	1,400,000	1.19%
D. E. Perera	1,000,000	0.85%
K. B. De A. Rajapakse	980,000	0.83%
K. N. De A. Rajapakse	980,000	0.83%
E. D. Rodrigo	861,000	0.73%
N. K. L. Tilakaratna	701,680	0.60%
K. A. G. Ranasinghe	700,000	0.60%
H. M. Udeshi	466,880	0.40%
E. N. J. N. P. Kuranage	280,000	0.24%
M. M. Senaratne	280,000	0.24%
U. W. R. M. Weerakoon	280,000	0.24%
L. S. Gunasekera	186,090	0.16%
	110,600,984	

Public Shareholding

32,110,132 ordinary shares were held by the public as at 31st March 2015, representing 27.34% of the total ordinary shares issued. The corresponding figure for the year ending 31st March 2014 was 28,742,946 ordinary shares, which represented 24.47% of the total number of ordinary shares in issue as at that date.

Shareholder analysis as at 31st March, 2015

No. of Shares Held	No. of Shareholders	No. of Shares	%
1-1000	693	241,756	0.21
1,001-10,000	346	1,429,474	1.22
10,001-100,000	149	4,065,598	3.46
100,001-1,000,000	19	7,823,838	6.66
Over 1,000,000	9	103,885,334	88.45
	1,216	117,446,000	100.00

Director's Shareholdings as at March 31st, 2015

Name of Director	As at 31.03.2015		As at 31.03.2014	
	Shares	%	Shares	%
J. B. L. de Silva	32,382,280	27.57%	32,382,280	27.57%
H. J. de Silva	16,121,140	13.73%	16,121,140	13.73%
C. I. Tilakaratna	15,152,640	12.90%	15,186,640	12.93%
C. S. L. de Silva	14,581,140	12.42%	14,581,140	12.42%
N. K. L. Tilakaratna	701,680	0.60%	701,680	0.60%
I. P. de Zoysa	51,018	0.04%	51,018	0.04%
S. A. Chandraratne	35,000	0.03%	35,000	0.03%
S. Jayakody	16,089	0.01%	106,089	0.09%
H. P. J. de Silva	-	-	-	-
R. Nanayakkara	-	-	-	-

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 69th Annual General Meeting of Eastern Merchants PLC will be held at the Ground Floor Auditorium, The Ceylon Chamber of Commerce, No.50 Navam Mawatha, Colombo 2, on 25th September 2015 at 2.30 pm.

AGENDA

1. To read the notice convening the meeting.

2. To confirm the minutes of the 68th Annual General meeting held on 29th September, 2014.

3. To receive, consider and adopt the Report of the Directors and the Statement of Accounts and Balance Sheet of the Company for the year ended 31st March 2015.

4. To resolve that Mr. S. A. Chandraratne and Mr. H. P. J. de Silva 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 Mrs. R. L. Nanayakkara who has attained 70 years of age on 12th April 2005, and Mr. H. P. J. de Silva who reached the same age on 24th August 2014.

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

Notes:

(a) A member who is entitled to attend and vote at a meeting may appoint a proxy to do so instead, and such a proxy need not be a shareholder of the Company. The Form of Proxy of the Company is attached on the last page of this report.

(b) Shareholders/proxy holders should bring with them their National Identity Card or any form of valid identification when attending the meeting.

Form of Proxy

I/We, ……………………………………………………………………………… of ………………………………………………………….

being a member/members of Eastern Merchants PLC hereby appoint:

J. B. L. de Silva of Colombo 03,	Whom failing
N. K. L. Tilakaratna of Colombo 05,	Whom failing
C. I. Tilakaratna of Colombo 05,	Whom failing
S. A. Chandraratne of Colombo 15,	Whom failing
S. Jayakody of Kiribathgoda,	Whom failing
H. J. de Silva of Colombo 3,	Whom failing
C.S.L. de Silva of Colombo 3,	Whom failing
I.P. de Zoysa of Thalawathugoda,	Whom failing
R. Nanayakkara of Rajagiriya,	Whom failing
H. P. J. de Silva of Rajagiriya,	Whom failing

……………………………………………………………….of……………………………………… as my /our proxy to represent me/us and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 25th September, 2015 at 2.30 pm and at any adjournment thereof. As witness my/our hand (s) this ………….............…………….…… day of …………………………………………………. 2015.

………………………………………

Signature of the Shareholder

Note: 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

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.

The completed Form of Proxy should be deposited at the Head Office of the Company at No. 341, Union Place, Colombo 2, not less than 48 hours before the meeting commences.

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.

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.

If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

Corporate Information

Company Name	:	Eastern Merchants PLC
Company Number	:	PQ 153
Registered Office	:	341, Union Place, Colombo 2.
Stores Complexes	:	101 Gonawala Road, Sapugaskanda. 2nd Mile Post, Maswila, Ampegama.
Legal Form	:	A public quoted company with limited liability incorporated in Sri Lanka and listed with the Colombo Stock Exchange.
Principal Activities	:	Export of traditional and non-traditional commodities.
Subsidiaries	:	Asia Brush (Pvt) Ltd. Eamel Exports Ltd. Asian Woodware Company (Pvt) Ltd. Spice Lane (Pvt) Ltd.
Chairman	:	J .B. L. de Silva
Managing Director	:	C. S. L. de Silva
Board of Directors	:	H. J. de Silva N. K. L. Tilakaratna C. I. Tilakaratna S. A. Chandraratne S. Jayakody I. P. de Zoysa R. L. Nanayakkara H. P. J. de Silva
Secretary	:	S. Jayakody
Auditors	:	Messrs. D.H.P. Munaweera and Co.
Bankers	:	Hongkong and Shanghai Banking Corporation Ltd. Seylan Bank PLC Hatton National Bank PLC Nations Trust Bank PLC National Development Bank PLC DFCC Bank PLC

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