

**FINANCIAL STATEMENTS
OF
EASTERN MERCHANTS PLC
FOR THE QUARTER ENDED
31ST DECEMBER, 2018.**

EASTERN MERCHANTS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY

	QUARTER ENDED 31ST DECEMBER			NINE MONTHS ENDED 31ST DECEMBER		
	2018	2017	Change	2018	2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Revenue	215,032	133,008	62	504,243	513,302	(2)
Cost of Sales	(188,915)	(138,327)	37	(478,317)	(504,115)	(5)
Gross Profit/ (Loss)	26,117	(5,319)	(591)	25,926	9,186	182
Other Operating Income	10,708	1,918	458	20,360	17,146	19
	36,825	(3,401)	(1,183)	46,286	26,333	76
Administrative Expenses	(16,289)	(12,847)	27	(43,599)	(39,243)	11
Distribution Expenses	(7,107)	(2,460)	189	(15,324)	(9,899)	55
Other Operating Expenses - Impairment	-	-	-	(65,864)	-	-
	-	-	-	-	-	-
Profit/ (Loss) from Operating Activities	13,429	(18,708)	(172)	(78,500)	(22,808)	244
Finance Expenses	(1,694)	(66)	2,467	(5,231)	(3,738)	40
Finance Income	-	6,365	-	5,699	11,184	-
	11,734	(12,409)	(195)	(78,032)	(15,362)	408
Share of Results of Equity Accounted Investees	-	-	-	(2,150)	-	-
	-	-	-	-	-	-
Profit/ (Loss) before Taxation	11,734	(12,409)	(195)	(80,182)	(15,362)	422
Taxation	-	-	-	-	-	-
	-	-	-	-	-	-
Profit/ (Loss) after Taxation	11,734	(12,409)	(195)	(80,182)	(15,362)	422
Profit/ (Loss) for the Period	11,734	(12,409)	(195)	(80,182)	(15,362)	422
Other Comprehensive Income	-	-	-	-	-	-
Revaluation of Land & Buildings	-	-	-	-	-	-
	-	-	-	-	-	-
Other Comprehensive Income/ (Loss) for the Period	-	-	-	-	-	-
Total Comprehensive Income/ (Loss) for the Period	11,734	(12,409)	-	(80,182)	(15,362)	422
Earnings per Share - Basic	0.10	(0.07)		(0.68)	(0.13)	

*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

EASTERN MERCHANTS PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	QUARTER ENDED			NINE MONTHS ENDED		
	31ST DECEMBER			31ST DECEMBER		
	2018	2017	Change	2018	2017	Change
				Rs.'000	Rs.'000	%
Revenue	583,791	361,773	61	1,143,878	1,035,509	10
Cost of Sales	(494,079)	(352,661)	40	(1,023,823)	(989,433)	3
Gross Profit/ (Loss)	89,712	9,112	885	120,056	46,076	161
Other Operating Income	11,887	2,431	389	23,296	21,905	6
	101,598	11,543	780	143,352	67,981	111
Administrative Expenses	(51,301)	(12,499)	310	(95,741)	(45,338)	111
Distribution Expenses	(18,622)	(8,543)	118	(33,808)	(22,609)	50
Other Operating Expenses - Impairment	-	-	-	(65,864)	-	-
Profit/ (Loss) from Operations	31,676	(9,499)	(433)	(52,061)	34	(153,221)
Finance Expenses	(4,651)	(748)	522	(14,851)	(5,062)	193
Gain on Bargaining Purchases	-	-	-	157,217	-	-
Finance Income	546.00	3,845	(86)	6,299	8,892	(29)
	27,571	(6,402)	(531)	96,604	3,864	(153,056)
Share of Results of Equity Accounted Investees	-	(135)	(100)	(2,150)	(1,341)	100
Profit/ (Loss) before Taxation	27,571	(6,537)	(522)	94,454	2,523	(152,956)
Taxation	-	(280)	(100)	(406)	(705)	(42)
Profit/(Loss) from Discontinued Operations (Net of Tax)	(252)	(494)	(49)	(1,144)	-743	54
Profit/ (Loss) after Taxation	27,319	(7,311)	(474)	92,905	1,075	8,542
Attributable to						
Equity Holders of the Parent	28,307	(7,105)	(498)	93,812	1,352	6,839
Non Controlling Interest	(988)	(206)	380	(908)	(277)	228
Profit/ (Loss) Attributable to the Group	27,319	(7,311)	(474)	92,905	1,075	8,542
Profit/ (Loss) for the Period	27,319	(7,311)	(474)	92,905	1,075	8,542
Other Comprehensive Income						
Exchange Difference from Foreign Operation	2,671	229	1,066	3,980	590	575
Fair Value Change in AFS	(530)	(6,853)	(92)	(8,087)	5,655	(243)
Other Comprehensive Income/ (Loss) for the Period	2,141	(6,624)	(132)	(4,107)	6,245	(166)
Total Comprehensive Income/ (Loss) for the Period	29,460	(13,935)	(606)	88,797	7,320	1,113
Attributable to						
Equity Holders of the Parent	32,835	(10,524)	(412)	93,607	4,868	1,823
Non Controlling Interest	(3,376)	(3,411)	(1)	(4,810)	2,451	(296)
Profit/ (Loss) Attributable to the Group	29,460	(13,935)	(606)	88,797	7,320	1,113
Earnings per Share - Consolidated	0.24	(0.06)		0.80	0.01	

*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

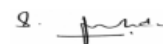
EASTERN MERCHANTS PLC
STATEMENT OF FINANCIAL POSITION - COMPANY

	As at 31/12/2018 Rs.'000	As at 31/12/2017 Rs.'000	As at 31/03/2018 Rs.'000
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	858,854	864,635	849,551
Investments Property	199,250	192,590	199,250
Investments in Associate Company	-	89,715	68,014
Investments in Subsidiaries	613,370	63,370	63,370
	1,671,474	1,210,310	1,180,185
<u>CURRENT ASSETS</u>			
Inventories	48,201	19,899	61,397
Trade & Other Receivables	44,676	61,088	51,285
Amounts due from Related Parties	99,896	101,945	101,869
Other Current Assets	26,780	29,725	31,441
Held to Maturity Investments	-	154,029	163,026
Cash in hand & At Bank	13,964	19,615	5,905
	233,517	386,301	414,923
TOTAL ASSETS	1,904,991	1,596,611	1,595,108
<u>EQUITY & LIABILITIES</u>			
<u>CAPITAL & RESERVES</u>			
Stated Capital	16,778	16,778	16,778
Revenue Reserves	937,166	1,044,224	1,017,347
Other Components of Equity	501,896	501,896	501,896
Total Equity	1,455,840	1,562,898	1,536,021
<u>NON-CURRENT LIABILITIES</u>			
Deferred Tax	700	16,297	699
Interest Bearing Borrowings	9,389	-	8,997
Retirement Benefit Obligations	10,364	5,377	11,221
	20,453	21,674	20,917
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	24,538	10,217	1,284
Interest Bearing Borrowings	352,609	-	7,948
Other Current Liabilities	2,417	1,820	3,290
Bank Overdraft	49,134	-	25,648
	428,698	12,038	38,170
TOTAL EQUITY & LIABILITIES	1,904,991	1,596,610	1,595,108
 Net Assets per Share - Rs.	 12.40	 13.31	 13.08

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
The Finance Director certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



.....
Mr. C.S.L. De Silva
Managing Director
07th February 2019



.....
Mr. J.A.D. Sirinath
Finance Director

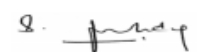
*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

EASTERN MERCHANTS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2018 Rs.'000	As at 31/12/2017 Rs.'000	As at 31/03/2018 Rs.'000
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	1,452,067	887,014	876,061
Investment Property	255,150	245,790	255,150
Intangible Assets	3,236	-	-
Available for Sale Investment	24,831	35,255	32,710
Amounts due from Associate Company	-	88,374	68,014
	1,735,284	1,256,433	1,231,935
<u>CURRENT ASSETS</u>			
Inventories	196,132	20,792	68,460
Trade & Other Receivables	214,710	87,680	114,366
Amounts due from Related Parties	30,436	27,175	30,460
Assets Classified as held for Sale	89,240	90,003	89,264
Other Current Assets	31,555	31,249	31,733
Held to Maturity Investments	17,412	154,029	163,026
Cash in hand & At Bank	46,278	22,666	12,935
	625,762	433,594	510,244
TOTAL ASSETS	2,361,046	1,690,027	1,742,179
<u>EQUITY & LIABILITIES</u>			
<u>CAPITAL & RESERVES</u>			
Stated Capital	16,576	16,576	16,576
Revenue Reserves	1,172,582	1,102,185	1,078,770
Other Components of Equity	538,646	540,867	538,851
	1,727,804	1,659,628	1,634,197
Non Controlling Interest	(10,321)	(4,882)	(5,511)
Total Equity	1,717,483	1,654,746	1,628,686
<u>NON-CURRENT LIABILITIES</u>			
Deferred Tax	41,542	15,578	282
Interest Bearing Borrowings	9,389	-	8,997
Retirement Benefit Obligations	20,363	5,377	11,221
	71,293	20,955	20,500
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	114,386	12,343	10,779
Interest Bearing Borrowings	394,633	-	7,948
Amount due to Related Party	-	-	-
Other Current Liabilities	2,472	1,984	4,573
Bank Overdraft	60,779	-	69,693
	572,270	14,327	92,993
TOTAL EQUITY & LIABILITIES	2,361,046	1,690,028	1,742,179
Net Assets per Share - Rs.	14.71	14.13	13.91

The Board of Directors is responsible for the preparation and presentation of these Financial Statements
The Finance Director certifies that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.


.....
Mr. C.S.L. De Silva
Managing Director
07th February 2019


.....
Mr. J.A.D. Srinath
Finance Director

*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

EASTERN MERCHANTS PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

	<u>Number of Shares</u> '000	<u>Stated Capital</u> Rs. '000	<u>Revaluation Reserves</u> Rs. '000	<u>Retained Earnings</u> Rs. '000	<u>Total Equity</u> Rs. '000
Balance as at 01st April 2018	117,446	16,778	501,896	1,017,348	1,536,022
Profit/(Loss) for the Period	-	-	-	(80,182)	(80,182)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(80,182)	(80,182)
Dividend Paid	-	-	-	-	-
Balance as at 31st December 2018	117,446	16,778	501,896	937,166	1,455,840
Balance as at 01st April 2017	117,446	16,778	501,896	1,059,586	1,578,260
Profit/(Loss) for the Period	-	-	-	(15,362)	(15,362)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(15,362)	(15,362)
Dividend Paid	-	-	-	-	-
Balance as at 31st December 2017	117,446	16,778	501,896	1,044,224	1,562,898

Note -

All values are in Rs. '000, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures are subject to audit.

EASTERN MERCHANTS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent						Non-Controlling Interest	Total Equity
	Number of Shares '000	Stated Capital Rs.'000	Revaluation Reserves Rs.'000	Available for Sale Reserve Rs.'000	Operation From Foreign Currency Rs.'000	Retained Earnings Rs.'000	Total Rs.'000	Rs.'000
Balance as at 01st April 2018	117,446	16,576	550,351	(11,620)	120	1,078,770	1,634,197	(5,511)
Profit/(Loss) for the Period	-	-	-	-	-	93,812	93,812	(908)
Other Comprehensive Income	-	-	-	(4,185)	3,980	-	(205)	(3,902)
Total Comprehensive Income	-	-	-	(4,185)	3,980	93,812	93,607	(4,810)
Dividend Paid	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	117,446	16,576	550,351	(15,805)	4,100	1,172,582	1,727,804	(10,321)
Balance as at 01st April 2017	117,446	16,576	550,351	(13,338)	(217)	1,100,833	1,654,205	(6,779)
Revaluation Surplus on Disposal	-	-	-	-	-	-	-	-
Reversal of AFS Reserve on shares disposed	-	-	-	-	-	-	-	-
Profit/(Loss) for the Period	-	-	-	-	-	1,352	1,352	(277)
Other Comprehensive Income	-	-	-	3,481	590	-	4,071	2,174
Total Comprehensive Income	-	-	-	3,481	590	1,352	5,423	1,897
Dividend Paid	-	-	-	-	-	-	-	-
Effects on Acquisition of Shares (Cross Holding)	-	-	-	-	-	-	-	-
Balance as at 31st December 2017	117,446	16,576	550,351	(9,857)	373	1,102,185	1,659,628	(4,882)

Note -

All values are in Rs. '000, unless otherwise stated

Figures in brackets indicate deductions.

The above figures are subject to audit.

EASTERN MERCHANTS PLC
CASH FLOW STATEMENT

FOR THE QUARTER ENDED 31st DECEMBER		COMPANY	
		2018	2017
	Notes	Rs.'000	Rs.'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Profit/(Loss) before Working Capital Changes	A	(1,113)	4,387
(Increase)/Decrease in Inventories		13,197	55,501
(Increase)/Decrease in Debtors & Other Receivables		6,609	87,384
Increase/(Decrease) in Amounts due from/ due to Related Parties		1,973	(7,498)
(Increase)/Decrease in Other Current Assets		4,661	3,261
Increase/(Decrease) in Other Current Liabilities		(873)	(2,201)
Increase/(Decrease) in Trade & Other Payables		23,254	6,925
Cash Generated from Operations		47,709	147,759
Finance Costs Paid		(5,231)	(3,738)
Defined Benefit Plan Cost Paid		(857)	(2,778)
Income Tax Paid		-	-
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		41,621	141,243
<u>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</u>			
Acquisition of Property, Plant & Equipment		(20,826)	(8,660)
Proceeds from Sale of Property, Plant & Equipment		-	9,460
Acquisition of Subsidiary & Investment		(550,000)	5
Proceeds from Sale of Investments		163,026	41,836
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		(407,800)	42,641
<u>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</u>			
Re-payment of Interest Bearing Loans & Borrowings		345,053	(59,107)
Interest Income		5,699	(11,184)
Net Cash Flows from/(used in) Financing Activities		350,752	(70,291)
Net Increase/(Decrease) in Cash & Cash Equivalents		(15,427)	113,593
Cash & Cash Equivalent at the beginning of the Quarter		(19,743)	(93,977)
Cash & Cash Equivalent at the End of the Quarter		(35,170)	19,616
<u>Cash & Cash Equivalent</u>			
Cash in hand & At Bank		13,964	19,615
Bank Overdrafts		(49,134)	-
Cash & Cash Equivalent at the End of the Quarter		(35,170)	19,615
Note A - Operating Profit/ (Loss) before Working Capital Changes			
Net Profit/(Loss) before Tax		(80,182)	(15,362)
Adjustments for			
Finance Costs		5,231	3,738
Depreciation		10,806	7,635
Impairment of Share of Results of Equity Accounted Investees		65,864	-
Share of Results of Equity Accounted Investees		2,150	
(Profit)/ Loss on Sale of Property, Plant & Equipment		716	(2,809)
Finance Income		(5,699)	11,184
Operating Profit/ (Loss) before Working Capital Changes		(1,113)	4,386

*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

EASTERN MERCHANTS LIMITED PLC
CASH FLOW STATEMENT

FOR THE QUARTER ENDED 31ST DECEMBER		GROUP	
		2018	2017
	Note	Rs.'000	Rs.'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Profit/(Loss) before Working Capital Changes	A	27,022	13,079
(Increase)/Decrease in Inventories		(13,385)	56,041
(Increase)/Decrease in Debtors & Other Receivables		(43,004)	61,649
Increase/(Decrease) in Amounts due from/ due to Related Parties		24	(252)
(Increase)/Decrease in Other Current Assets		77,734	1,896
Increase/(Decrease) in Other Current Liabilities		(2,101)	(2,037)
Increase/(Decrease) in Trade & Other Payables		72,477	6,268
Cash Generated from Operations		118,766	136,644
Finance Costs Paid		(14,851)	(5,062)
Defined Benefit Plan Cost Paid		436	(2,778)
Income Tax Paid		(406)	(705)
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		103,945	128,099
<u>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</u>			
Acquisition of Property, Plant & Equipment		(20,826)	(8,546)
Proceeds from Sale of Property, Plant & Equipment		-	1,460
Proceeds from Sale of Investments		0.00	-
Proceeds from Disposal of Assets Held for Sale		24	369
Proceeds from Held to Maturity Investments		208,728	41,836
Acquisition of Subsidiary		(550,000)	-
Acquisition of a Subsidiary, Net of Cash Acquired		43,531	-
Finance Income		6,299	-
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		(312,243)	35,120
<u>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</u>			
Re-payment of Interest Bearing Loans & Borrowings (Net)		250,555	(59,107)
Net Cash Flows from/(used in) Financing Activities		250,555	(59,107)
Net Increase/(Decrease) in Cash & Cash Equivalents		42,257	104,111
Cash & Cash Equivalent at the beginning of the Quarter		(56,758)	(81,444)
Cash & Cash Equivalent at the End of the Quarter		(14,501)	22,666
<u>Cash & Cash Equivalent</u>			
Cash in hand & At Bank		46,278	22,666
Bank Overdrafts		(60,779)	-
Cash & Cash Equivalent at the End of the Quarter		(14,501)	22,666
Note A - Operating Profit/ (Loss) before Working Capital Changes			
Profit/(Loss) before Tax from Continuing Operations		94,454	2,523
Profit/(Loss) before Tax from Discontinued Operations		(1,144)	(743)
Adjustments for			
Finance Costs		14,851	5,062
Gain on Bargaining Purchases		(157,217)	-
Finance Income including Dividend Income		(6,299)	-
Depreciation		13,645	7,705
(Profit)/Loss on Sale of Property, Plant & Equipment		716	(2,809)
Impairment of Share of Results of Equity Accounted Investees		65,864	-
Share of Results of Equity Accounted Investees		2,150	1,341
Operating Profit/ (Loss) before Working Capital Changes		27,022	13,079

*Note - All values are in Rs. '000, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.*

EASTERN MERCHANTS PLC
INTERIM CONDENSED FINANCIAL STATEMENTS

BUSINESS SEGMENTS

The following tables present revenue, Profit information and segment assets regarding the Group's Operating Segments.

FOR THE QUARTER ENDED 31ST DECEMBER	Export of Traditional & Non-Traditional Products		Other		Group Total	
	2018	2017	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total Sales	1,143,878	1,035,509	-	-	1,143,878	1,035,509
Other Income	1,854	4,235	2,774	2,292	4,628	6,527
Total Revenue	1,145,732	1,039,744	2,774	2,292	1,148,506	1,042,036
Inter Group Adjustment					18,669	15,378
Segment Revenue					1,167,175	1,057,414
Segment Results	26,606	22,512	(461)	330	26,145	22,842
Inter Group Adjustment					-	-
Finance Expenses					(14,851)	(5,062)
Finance Income					6,299	8,892
Share of Results of Equity Accounted Investees					(2,150)	(1,341)
Fair Value Change of Investment Property					-	-
Profit before Taxation	-	-	-	-	15,442	25,331
Tax Provision	-	-	-	-	-	-
Profit/ (Loss) from Discontinued Operation	-	-	-	-	(1,144)	(743)
Other Comprehensive Income	-	-	-	-	(4,107)	6,245
Profit/(Loss) for the year					88,797	7,319
Attributable To						
Equity Holders of the Company	-	-	-	-	93,607	4,868
Minority Interest	-	-	-	-	(4,810)	2,451
Profit/(Loss) for the year					88,797	7,319
Assets						
Segment Assets	1,525,353	1,629,925	21,522	21,408	1,546,876	1,651,333
Other Investments	613,370	63,370	30,831	41,255	644,201	104,625
Total Assets	2,138,723	1,693,295	52,353	62,663	2,191,077	1,755,958
Inter Group Adjustment					169,970	(65,930)
Total Assets					2,361,046	1,690,028
Liabilities						
Segment Liabilities	149,648	13,729	6,538	6,558	156,186	20,287
Interest Bearing Borrowings	352,609	-	-	-	352,609	-
Deferred Tax Liabilities	700	16,297	-	-	700	16,297
Retirement Benefit Obligations	10,364	5,377	-	-	10,364	5,377
Total Liabilities	513,321	35,403	6,538	6,558	519,860	41,962
Inter Group Adjustment					123,703	(6,680)
Net Liabilities					643,563	35,282

EASTERN MERCHANTS PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Company

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 are located at 240, Torrington Avenue, Colombo 07.

1.2 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. The following Companies have been consolidated as subsidiaries

The percentage holdings of the other Companies consolidated are given below.

	<u>% Holding</u>
Eamel Exports (Pvt) Ltd.	51.75%
Asia Brush (Pvt) Ltd. - Discontinued	53.12%
Asian Woodware (Pvt) Ltd. - Discontinued	57.68%
Spice Lane (Pvt) Ltd.	91.65%
Eastern Merchants Commodities (Pvt) Ltd.	100.00%
Microcell (Pvt) Ltd.	100.00%

The total profit and losses for the period of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of other Comprehensive Income and Statement of Financial Position respectively. Minority interest which represents the portion of profit or losses and net assets not held by the group are shown as a component of profit for the period in the and as a component of equity in the Consolidated Statement of Financial Position separately from parent Shareholders equity.

2 INTERIM CONDENSED FINANCIAL STATEMENTS

The Financial Statements for the period ended 31ST December 2018, includes “the Company” referring to Eastern Merchants PLC., as the holding Company and “the Group” referring to the Companies whose accounts have been consolidated therein.

3 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed Financial Statements of the Group and the Company for the 3 months ended 31st December 2018 were authorized for issue by the Board of Directors on 07th February 2018.

EASTERN MERCHANTS PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

4 BASIS OF PREPARATION

The interim condensed Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018.

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

The interim condensed Financial Statements are presented in Sri Lankan Rupees and all values are rounded to the nearest thousand except when otherwise indicated.

5 OPERATING SEGMENTS

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- Manufacturing & Export of Coir & Rubber Wood Brushes
- Export of Traditional & Non traditional Products
- Others

EASTERN MERCHANTS PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

6 BUSINESS COMBINATIONS AND ACQUISITIONS

Acquisition of New Company

Microcells (Pvt) Limited

In 30th August 2018, Microcell (Pvt) Ltd. become a fully owned Subsidiary in the Group.

The fair value of assets acquired and Liability assumed were as follows.

<u>Assets</u>	Rs.'000'
Property, Plant & Equipment	603,917
Intangible Assets	3,392
Inventories	163,819
Trade Debtors & Receivables	74,980
Taxation	3,817
Short Term Investments	63,144
Cash & Cash Equivalents	42,785
<u>Liabilities</u>	
Retirement Benefit Obligation	(8,707)
Deferred Tax Liability	(41,260)
Loans & Borrowings	(174,193)
Trade Creditors & Accrued Expenses	(22,446)
Bank Overdraft	(1,978)
Amount due to Related Parties	(53)
Taxation	-
Total Identifiable Net Assets at Fair Value	707,217
Purchase Consecration	550,000
Gain on Bargaining Purchases	157,217

7 SHARE INFORMATION

7.1 Public Share Holdings

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

	<u>31/12/2018</u>	<u>31/12/2017</u>
Public shareholding	23.35%	23.35%
Public shareholders	1,275	1,308
Float adjusted market capitalization	120,664	137,118

7.2 Shareholder Analysis as at 31st December 2018

<u>No. of Shares Held</u>	<u>No. of Shareholders</u>	<u>No. of Shares</u>	<u>%</u>
1-1,000	709	225,772	0.19
1,001-10,000	370	1,502,674	1.28
10,001-100,000	166	5,010,999	4.27
100,001-1,000,000	32	12,878,692	10.97
Over 1,000,000	7	97,827,863	83.30
	1,284	117,446,000	100.00

EASTERN MERCHANTS PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

7.3 Top Twenty Shareholders as at 31st December 2018

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
J. B. L. de Silva	32,382,280	27.57
H. J. de Silva	16,121,140	13.73
Mrs. C. I. Tilakaratna	15,045,469	12.81
C. S. L. de Silva	14,581,140	12.42
N. S. Karunaratne	12,629,120	10.75
Eamel Exports Ltd.,	5,668,714	4.83
J.B.L.de Silva/K.G.A. de Rajap/N. Senanayake	1,400,000	1.19
S. D. de A. Rajapakse	980,000	0.83
S. A. de A. Rajapakse	980,000	0.83
S. P. de A. Rajapakse	980,000	0.83
K. N. De A. Rajapakse	980,000	0.83
A. Karunaratne	960,000	0.82
K. B. De A. Rajapakse	880,000	0.75
Dr. E. D. Rodrigo	861,000	0.73
N. K. L. Tilakaratna	701,680	0.60
Mrs. D. E. Perera	700,952	0.60
Mrs. K. A. G. Ranasinghe	700,000	0.60
H. M. Udeshi	466,880	0.40
Dr./Mrs. C. A. Suranimala	350,000	0.30
M. M. Senaratne	280,000	0.24
	<u>107,648,375</u>	

7.4 Directors' Shareholdings as at 31st December 2018

<u>Name of the Director</u>	<u>As at 31/12/2018</u>		<u>As at 31/12/2017</u>	
	<u>Shares</u>	<u>%</u>	<u>Shares</u>	<u>%</u>
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	15,045,469	12.81	15,070,569	12.83
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
S. Jayakody	6,000	0.01	6,000	0.01

EASTERN MERCHANTS PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

7.5 Private Shareholders as at 31st December 2018

<u>Name of Shareholder</u>	<u>No. of Shares</u>
J. B. L. de Silva	32,382,280
H. J. de Silva	16,121,140
Mrs. C. I. Tilakaratna	15,045,469
C. S. L. de Silva	14,581,140
Eamel Exports Ltd.,	5,668,714
N. K. L. Tilakaratna	701,680
J.B.L.de Silva/K.G.A. de Rajap/N. Senanayake	466,667
Dr./Mrs. C. A. Suranimala	350,000
S. Jayakody	6,000
	<u>85,323,090</u>

8 NET ASSETS PER SHARE

Net Assets per share have been calculated, for all periods, based on the number of shares in issue as at 31st December 2018.

9 MARKET PRICE PER SHARE

FOR THE QUARTER ENDED 31ST DECEMBER	<u>2018</u>	<u>2017</u>
	<u>Rs.</u>	<u>Rs.</u>
Highest	5.20	6.80
Lowest	4.00	4.80
Last Traded	4.40	5.00

10 CONTINGENCIES, CAPITAL & OTHER COMMITMENTS

There has been no significant change in the nature of the contingencies and other commitments.

11 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date, which require disclosure in the interim condensed Financial Statements.

EASTERN MERCHANTS PLC
INTERIM CONDENSED FINANCIAL STATEMENTS
CORPORATE INFORMATION

Company Name	:	Eastern Merchants PLC
Company Number	:	PQ 153
Registered Office	:	240, Torrington Avenue, Colombo 07.
Stores Complex	:	101, Gonawala Road, Sapugaskanda. 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. Eastern Merchants Commodities (Pvt) Ltd. Microcell (Pvt) Ltd.
Board of Directors		
Chairman	:	J.B.L. De Silva
Deputy Chairman	:	H.J. De Silva
Managing Director	:	C.S.L. De Silva
Directors	:	N.K.L. Tilakaratna C.I. Tilakaratna S. Jayakody H.J. De Silva C.S.L. De Silva R.L. Nanayakkara H.P.J. De Silva
Secretary	:	S. Jayakody
Auditors	:	Messrs D.H.P. Munaweera & Co.
Bankers	:	Hatton National Bank PLC Seylan Bank PLC Standard Chartered Bank Nations Trust Bank PLC Commercial Bank Sampath Bank National Development Bank PLC DFCC Bank PLC