



COLOMBO DOCKYARD PLC
"...an Odyssey of Excellence"

ENDURING a stormy course



ENDURING a stormy course

Weathering the rough seas of macroeconomic upheavals and cloudy horizons of uncertainty, Colombo Dockyard PLC endured a stormy course in the year under review.

Despite the storms however, with unwavering focus and resolute determination, key milestones were achieved: laying a new keel, completing 10,000 vessel repairs and building the 250th vessel - launching the **'Make in Sri Lanka'** concept which proudly proclaims to the world that Colombo Dockyard is ready, willing and able to carve a name for itself in the global shipbuilding industry.

Colombo Dockyard PLC approaches the new decade with hope, confidence and keen anticipation of new journeys in a bid to expand its horizons and charter new courses.

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OUR VISION

We pursue excellence and superior performance in all what we do to enhance the long-term interests of all our stakeholders in a socially responsible manner.

OUR MISSION

WE STRIVE:

- To be the most competitive and viable business entity in South Asia in Shipbuilding, Shiprepairs, Heavy Engineering and allied activities
- To efficiently and effectively manage all our resources
- To achieve sustainable growth
- To enhance the interests of our Stakeholders, and thereby contribute to the pursuit of our vision

QUALITY POLICY

We are committed to;

- Satisfying our customers by consistently understanding and meeting their requirements in a cost effective manner and,
- Strive to exceed their expectations by continually improving the effectiveness of our quality management system whilst complying with all applicable statutory and regulatory requirements.

HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Colombo Dockyard PLC is committed to provide a healthy and safe working environment at its every work location and strive to protect the environment in accordance with applicable Legal & other requirements.

Colombo Dockyard PLC shall:

- Provide safe machinery, plant, equipment and competencies to prevent injury, ill health and environmental impacts.
- Minimize probable impacts to the environment through pollution prevention and other specific commitments including reduction of natural resource consumption through reduction, recycle and reuse of waste.
- Set Health Safety and Environmental objectives, analyze outcomes and continually improve processes through an effective management system.

CORPORATE PROFILE

Colombo Dockyard PLC (CDPLC) established its operations way back in 1974 and at present operates as Sri Lanka's largest engineering facility leading in the business of ship repairs, shipbuilding, heavy engineering and offshore engineering with a Japanese collaboration. CDPLC Group includes three subsidiaries namely Dockyard General Engineering Services Dockyard Technical Services (Pvt) Ltd and Ceylon Shipping Agency (Pte) Ltd in Singapore to deal with heavy engineering for local customers and as a supply channel for material imports respectively. CDPLC is a public quoted Company listed in the Colombo Stock Exchange. It is also a licensed enterprise of the Board of Investment of Sri Lanka.

CDPLC is conveniently located within the port of Colombo, the hub of all major shipping lanes connecting the West, the Middle East, the Far East, as well as Africa and Australia, CDPLC has a strategic advantage to conduct both dry dock and afloat operations. Colombo Dockyard, as a state of the art engineering entity, operates four graving dry docks with a maximum capacity of 125,000 DWT and extensive repair berth facilities.

Colombo Dockyard, in existence for over four decades, continues to keep its eyes on the horizon, preempting trends and preparing for transformation. While the Company remains medium scale ship yard in the Asian region, our differentiation lies in the way we do business.

Five core values that have helped Colombo Dockyard in its odyssey:

- Flexibility
- Innovation
- Being Customer Centric
- Environmentally Friendly
- People Focused

Colombo Dockyard's niche position in building some of the world's most unique vessels holds the Company in good stead. The emphasis on absolute quality and the infusion of green initiatives (some of them, pioneering features in this region) as well as our processes, give us a competitive stance that is far ahead of those established in the South Asian region.

This has resulted in improving our capabilities of effecting difficult and sometimes unique processes, building techniques and repairs that have helped us carve out our own niche in this industry.

FINANCIAL HIGHLIGHTS (COMPANY)

	2019 Rs. Mn	2018 Rs. Mn	Change Rs. Mn	%
Results for the Year				
Revenue				
Ship Repairs	5,773	5,928	(155)	(3)
Shipbuildings	4,267	6,870	(2,603)	(38)
Heavy Engineering	105	371	(266)	(72)
	10,145	13,169	(3,024)	(22)
Export Revenue	8,710	12,195	(3,485)	(28)
Local Revenue	1,435	974	461	47
Gross Profit	107	877	(770)	(88)
Profit /(Loss) before Tax	(1,812)	172	(1,984)	(1,154)
Taxation	(123)	(27)	96	355
Net Profit/(Loss) after tax	(1,935)	145	(2,080)	(1,434)
Company Value Addition	2,713	4,654	(1,941)	(42)
Company Value Addition %	26	33	(7)	(21)
Local Value Addition	5,651	7,142	(1,491)	(21)
Employees Salaries & Benefits	3,958	3,942	16	0.4
Financial Position				
Total Assets	14,626	15,054	(428)	(3)
Total Liabilities	7,800	6,086	1,714	28
Share Holders' Fund	6,825	8,967	(2,142)	(24)
Net Cash & Cash Equivalents	3,986	4,115	(129)	(3)
Information Per Ordinary Share				
Earnings (Rs.)	(27)	2	(29)	(1,450)
Net Assets (Rs.)	95	125	(30)	(24)
Market Value (Rs.)	62	56	6	11
Market Capitalization Rs. Mn	4,455	3,995	460	12
Financial Ratios				
Net Profit after Tax (%)	(19)	1.1	(20)	(1818)
Return On Investment (%)	(47)	1.0	(48)	(4,800)
Return On Assets (%)	(13)	0.3	(13)	(4,333)
Interest Cover (Times)	(12)	0.4	(12)	(3,100)
Return On Equity (%)	(28)	1.6	(29)	(1,812)

THE OPERATIONAL IMPACT OF 365 DAYS

Commitments to Company Vision and Core Values and Successful Execution of Strategic Initiatives deliver Results in Key Operational Highlighting Figures

Total Revenue

Rs. 10 Bn

The Company managed to reach total revenue of Rs. 10.1 Bn as against Rs.13.1 Bn recorded for last year

Foreign Revenue

86%

Export earnings generated in 2019 was over 86% of the total Revenue.

Direct Employment

3,000

The Company provides direct employment for over 3,000 employees including Permanent, Project basis, Trainees and Subcontract employees

Employee Retention

99.5%

Despite many economic downturns both locally and globally, we have had few employee resignations during 2019.

Completion of Ship Repairs

205 Repairs

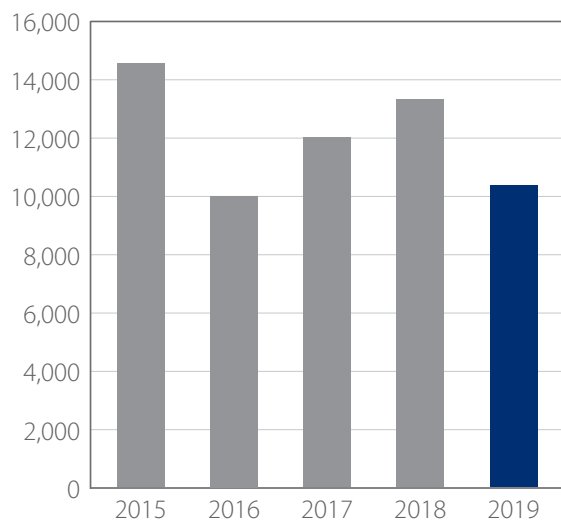
Successfully completed 205 ship-repair jobs during the year compared to 159 recorded for 2018

Local Value Addition

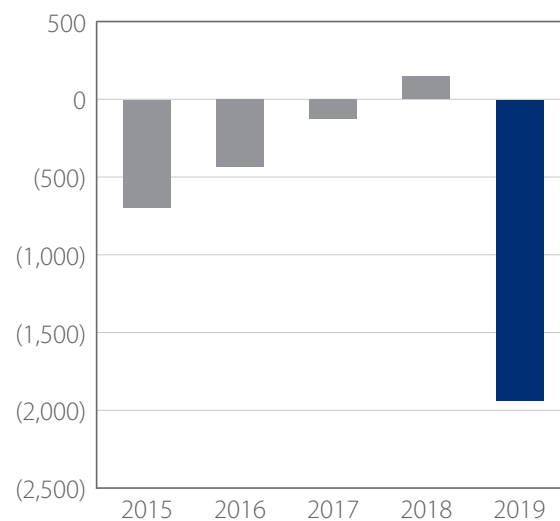
Rs. 5,651 Mn

Company operation generates over 50% local value additions.

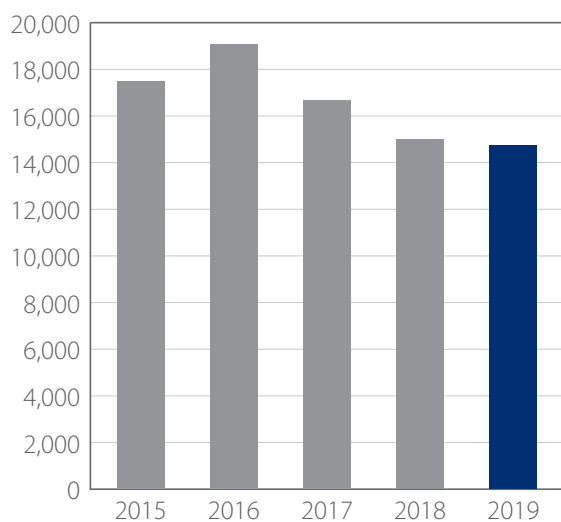
Total Revenue (Rs. Mn)



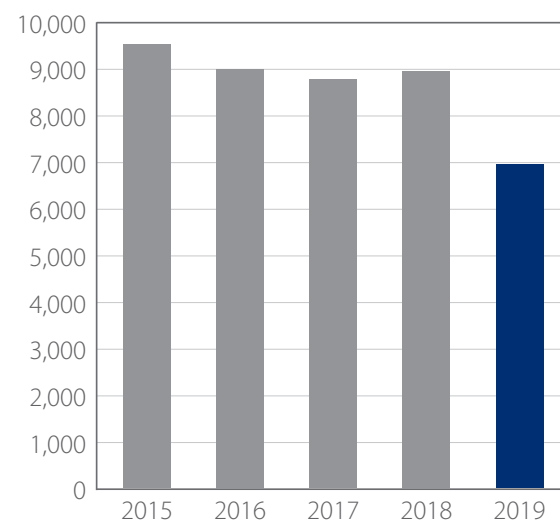
Profit after tax (Rs. Mn)



Total Assets (Rs. Mn)



Shareholders Funds (Rs. Mn)



CHAIRMAN'S REVIEW



The industry should be watchful of certain new factors that could hinder growth such as cyber breaches and changing environmental regulations. Global Ship repair market too continue to be heavily price competitive and all most all Yards operates with great challenges for growth and survival.

Dear Shareholders,

As we concluded the year 2019 with most adversely performed financial year in our journey, being the new Chairman, it is with great pleasure to present my very first Annual Report and Financial Statements of Colombo Dockyard PLC (CDPLC) for the financial year ended on 31st December 2019.

During this year, we fuelled our future growth through reinforcing our strategic plans and we are confident that we are able to recover these hardships and to propel the Company towards a new era gradually.

GLOBAL OVERVIEW

Due to the slowdown of global economic growth and low oil prices, the global ship building industry witnessed a challenging year particularly with bottom level pricing for new ships. Further, factors such as uncertain regulatory landscape, volatile nature of the Chinese economy, geopolitical tension amongst major global economies, trade embargoes and Brexit. However, the global shipbuilding industry is expected to change gear and to grow in tandem with improving seaborne trade, demand for eco-friendly shipping services specially in the market "Small Eco Bulk Market" in Europe and the growth in the nautical tourism sector. The industry should be watchful of certain new factors that could hinder growth such as cyber breaches and changing environmental regulations. Global Ship repair market too continues to be heavily price competitive and all most all Yards operate with great challenges for growth and survival.

FINANCIAL PERFORMANCE

Spillover effects from the Easter Sunday attack, project cost overrun on Cable Laying Vessel built for Japan, drastic reduction of calling repair vessels and loss on exchange due to LKR appreciation negatively impacted our financial performance for the year 2019. Consequently, Colombo Dockyard total revenue for the year 2019 was Rs 10,145 Mn recording a contraction of 22% in comparison to the previous year. For the first time in the Company history, our bottom line shows a net loss of Rs. 1,935 Mn. This was a direct result of cost escalation driven by project milestone shifts due to the Easter Sunday attack as well as the downward trend observed in ship repairs business with ship owners being reluctant to select Colombo for their repairs due to travel bans imposed by foreign governments and security concerns.

SHIPBUILDING SECTOR

During the year under review, shipbuilding revenue was down by 38% to Rs. 4,267 Mn against last year revenue of Rs. 6,870 Mn mainly due to cancellation of confirmed shipbuilding orders from Europe owners who avoided the construction of vessels in Sri Lanka after the Easter Sunday attack.

Colombo Dockyard managed to deliver our most sophisticated and much prestigious project, KDDI Cable Infinity built for Japan's Kokusai Cable Ship Co, during the year. This 5757 DWT ship was the largest and highest revenue generated vessel ever built by us. We remain confident that the completion of this project will allow us to reach the global arena with renewed confidence and attract the interest of the market. This will also usher country's export strategy in to a new era.

In addition to the successful completion of KDDI Cable Infinity, we started working on a number of other projects. Work on the Buoy Tender Vessel and a Pilot Station Vessel for General Company of Ports of Iraq for which the contract was signed through Toyota Tsusho Corporation was commenced and scheduled to be delivered in the first quarter of 2021. During the first quarter of 2019, we signed a contract with the Sri Lanka Ports Authority to deliver two pilot boats. We are also looking for other category of ships such as SOV, Cable Layer or Cable repair ships to keep up our highly advance technology and knowhow. In this category, we are looking for the project of replacement for old vessels by our experience of CLV.

As per International Marine Organization (IMO), environmental regulations on green shipping and eco-friendly vessels are gradually increasing specially in major

countries such as Europe, United State, Japan, China and South Korea. CDL is focusing on such kind of vessels to attract and dedicate the Yard operations with market changes.

SHIP-REPAIR SECTOR

Maintaining the momentum gained since 1974, CDPLC completed 10,000 ship repairs in 2019 and recorded a revenue generation of Rs. 5,773 Mn for year 2019 (2018 Rs. 5,928 Mn). We continue to explore opportunities to cater to customers from the Middle East, Europe and Asia, whilst also consistently improving our yard facilities to enhance efficiency and fast-track delivery time.

We also strengthened our strategic shift with the launch of the dedicated unit to handle Afloat Repairs/Voyage with service capability at all Sri Lankan ports. We first introduced the Rapid Response Afloat Repair and Service (RRARS) unit in 2017, and with the official launch of this service in 2019, we've been able to reinforce and to streamline our rapid response team. During the year under review, RRARS completed about 80 repair jobs.

HEAVY ENGINEERING SECTOR

During the year under review, we have contracted a JICA Grant Project to improve the Burundi Maritime, Port & Railway Authority and work has been commenced.

We are focusing on mega Heavy Engineering projects including LRT by JICA in Sri Lanka and we are also looking for possibilities of JICA projects not only for Sri Lanka but also for Africa and Asia.

SUBSIDIARY COMPANIES

Our fully owned subsidiaries DGES (Dockyard General Engineering Services Pvt Ltd) and 51% holding CSA (Ceylon

Shipping Agency Pte Ltd - Singapore), recorded commendable growth during the year under review. DGES focused mainly on local projects including government commissioned construction as well as rehabilitation of infrastructure. DGES plans on responding to futuristic projects proposed by the Government to diversify the Company portfolio.

LOOKING INTO THE FUTURE

The overwhelming impact of COVID - 19 pandemic is already slowing a downward trend in economic growth and impacting businesses across the globe. We expect Sri Lanka to resume economic activities ahead of most countries, given the country's exemplary managing the pandemic led by a strong leadership. This would provide CDPLC with an opportune timeline to expand operations and get ahead of the curve as a leading shipyard in South Asia. Our prudent and strong approach to business operations enabled us to effectively surpass challenges posed in the aftermath of the Easter Sunday attack. In the aftermath of COVID -19, we expect to forge ahead in the same vein, undaunted as a united front.

ACKNOWLEDGEMENT

Unfortunately Company suffered with significant financial losses in 2019, but we are focusing on not only "survival", but also "revival" for our future.

I'm most grateful to President of Onomichi Dockyard, Japan, Board of Directors who supported me with immense confidence and trust, empowering me to give leadership to the company in these trying times.

We would not be able to aspire for growth and operate high quality services without the commitment of our employees. I am deeply grateful

Chairman's Review

to them for their consistent performance. Also I would like to thank our valued shareholders for their patience and keeping the confidence and trust in us under difficult situations. Last but not least, I would like to thank national authorities for their continued support and cooperation.

Let us work together to pursue sustainable growth through catering to global trends and channel our efforts to enhance our innate capabilities.



Hideaki Tanaka
Chairman

4th August 2020

MANAGING DIRECTOR / CEO'S REVIEW



Our strategic plans for future growth include improving our technological capability to differentiate our services to potential clients in the shipbuilding sector whilst also concentrating on developing the ship repair sector to serve a larger volume of clients.

Let us pursue greater heights together and launch “Make in Sri Lanka” philosophy.

As we conclude an eventful year, I am pleased to present the operational aspects of the Company and subsidiaries in brief for the financial year ended on 31st December 2019. In a year rife with many challenges, Colombo Dockyard PLC (CDPLC) succeeded in enhancing our portfolio with the successful delivery of our most sophisticated and ever largest shipbuilding project, 'KDDI Cable Infinity', which was built for Japan's Kokusai Cable Ship Co. Ltd. However, the economic downturn that followed the Easter Sunday attack and prolonged global decline in shipping negatively impacted our financial performance in a significant manner.

OPERATIONAL ASPECTS

In the aftermath of the Easter Sunday attack, the Company's ship building project milestones were delayed, whilst ship repair volumes were also decreased significantly. The main reason was a direct result of travel bans imposed by foreign governments over security concerns. Nevertheless, the Company's prudent operational practices and commitment of employees were able to mitigate the impact on the performance to a certain extent. During the year under review, we enhanced our ship building capacity and technological edge with the successful delivery of KDDI Cable Infinity. Our strategic plans for future growth included improving our technological capability to differentiate our services to potential new clients in the shipbuilding sector while concentrating on developing the ship repair sector to serve a larger volume of clients. This has resulted in attracting European Owners for ship building and fast recovery with enhancing ship repair revenue at the last quarter of the year.

The company had identified opportunities available when the world's bigger players are busy with larger scopes, to capture the medium size businesses by making arrangements to improve the necessary infrastructure during the year 2019. Some of the capital expenditures made for ship repair development were the installing of a new 70T crane at Dock 4 North, enhancing facilities at Dock 3, Guide Pier 1 and Dolphin Pier and the extension of working area at Dock 4 North side and a part of such work was postponed due to downturn of the business. While we prepared to attract and to serve a wider global clientele, we proceeded to improve our capacity to serve existing vessels through reinforcing the capacity of our special rapid response unit to cater to Afloat Repairs. The Afloat repair segment performed well, recording an unprecedented growth of 137% in comparison to the previous year. We also paid our special attention to upgrade the working standards of subcontract companies and were able to provide a new facility

Managing Director / CEO's Review

building for their safe operations. This internal shift has provided additional productive spaces which would be developed for generating more ship repair revenues.

Company's fully-owned subsidiary, Dockyard General Engineering Services (Pvt) Ltd, DGES, has also become a trusted partner in the fields of Mechanical and Civil engineering in Sri Lanka having successfully tackled several large-scale infrastructure projects. DGES is continuously looking at serving to the country with rapid developments of the quality standards and obtaining required professional qualifications for government projects. Keeping this objective way ahead we opened the DGES new Show room and Corporate Office complex with 7 storied new building at 223, Jayantha Mallimarachchi Mawatha, Colombo 14, Sri Lanka.

We have also formed new Subsidiary Company during the year, Dockyard Technical Services (Pvt) Ltd as a fully owned Subsidiary of DGES focusing to enhance more reliable outsourcing services to both CDL and DGES and explore more business opportunities outside the Group.

SHIPBUILDING BUSINESS

2019 was a very much crucial year for the Shipbuilding Sector, as CDPLC lost a major project to build four numbers Bulk Carriers which was valued at a total contract price of around Euro 44 million for a European Buyer due to the Easter Sunday attacks. Subsequent to the incident, the Buyer assessed that Colombo is not a safe destination to build their Vessels and for their personnel to travel and went ahead to award the project to a Shipyard in China. This occurred at a time when the global shipbuilding industry was suffering due

to a global economic downturn fueled by lower oil prices and negative market sentiments.

It took CDPLC a lot of time and effort to erase the incident from the minds of the other European Buyers. Towards the latter part of the 2019, CDPLC were able to build up the lost confidence seeking future opportunities and to get shortlisted by other European Buyers to build Hybrid Bulk Carriers and other sophisticated vessels for niche markets, which is a pioneering effort on the part of CDPLC and which is a matter of great pride to the Shipbuilding industry of Sri Lanka. The final negotiation between CDPLC and the Buyers is ongoing and the required funding for the project is being arranged by the Buyer at present. If everything goes planned, CDPLC would be opening up a new line of business of building a series of highly environmentally friendly Bulk Carriers which can be categorized as 'Green Ships' and also high end other Hybrid ships soon after this summer vacations in Europe.

In the absence of a demand for the vessels for the oil and gas market, CDPLC is heavily focusing on the offshore wind farm and fishing trawler markets for new business opportunities. Also in order to continue with the expertise and experience gained on the cable laying sector, CDPLC is continuously calling in at the doorstep of cable ship owners worldwide.

However, the only silver lining of the year 2019 was the securing of contracts for the construction of 2 plus 1 Pilot Launches for the Sri Lanka Ports Authority and the securing of a contract for the construction of 1 Pilot Launch for Kowa Company Ltd of Japan for operation at a private port in India.

The future shipbuilding market is presumed to be deeply rooted in the new environmentally-friendly trend in the industry and CDPLC expect there will be a demand for vessels powered by battery and LNG hybrid systems. And in anticipation of these changes in the market, we have already been gearing up our capacities and capabilities to meet these future demands for couple of years.

SHIP REPAIR BUSINESS

The year 2019 had been targeted as a turnaround year for Ship Repairs, the market conditions were indicative of a possible recovery, given the Ballast Water Management (BWM) installations being mandatory for many vessels with the IMO regulation's deadline a decisive call for many ship owners. Further, getting ready for Marpol Annex VI (IMO 2020) which requires ships to reduce SOx emissions either by burning low sulphur (0.5%) fuel or by cleaning the exhaust gas would keep bigger ship repair yards busy while increasing the demand for medium sized yards was another important target.

The marketing drive to selected markets was strengthened by appointing dynamic representatives and revamping the network to bring in a wider spectrum of inquiries. Targeted key markets were approached and promotions were carried out by way of participating at various maritime Exhibitions and client visits including Japan, India, Pakistan, Maldives, Far East and the Middle East with further enhancement of businesses could be achieved at the later part of the year.

The preplanned launch of the Rapid Response Afloat Repair Service (RRARS) was strategically carried out on May 31st 2019 at a time the industry was reeling after the Easter Sunday Blast in April.

The RRARS launch was highly successful as the revenues generated by this unit has achieved the desired objectives and was a strategy planned well advance by the company. The simple idea of (RRARS) was to provide a well branded high quality service to worldwide ship owners at a competitive price.

Opening up of the branch office of Colombo Dockyard PLC at Hambantota International Port Group (HIPG) Maritime Center on the 10th of December 2019 marked a significant milestone in the company's journey of excellence. This operation has taken off smoothly with several projects being successfully completed thereafter.

HEAVY ENGINEERING SECTOR

CDPLC with the 51% Japanese partnership has been a flagship company in the region for Japanese funded projects. Therefore, 2019 was a successful year for heavy engineering sector with improving such relationships with Japanese players. CDPLC was able to establish several strategic partnerships during the period which would invest in good results for the future.

The agreement signed with World Kaihatsu Kogyo Co.,Ltd (WKK) to Detail design, Fabricate deliver and execute a slipway equipment to Bujumbura port in Burundi was a breakthrough achievement as it is going to be shipyard's first ever project for East Africa. We are optimistically looking at the territory to secure more opportunities in the sectors of Power and energy, Transportation, Tourism and Construction industries.

We were able to endorse our name as a competitive high end service provider within the port of Colombo during the period. Civil construction work on foundations, fabrication installation and electrical cabling work provided for South Asian Gateway Terminals (SAGT) was one of the initiatives in that direction. We were able to secure a contract with Colombo International Container Terminals Limited (CICT) for repairing Fiber Padded fenders.

In addition CDPLC continued to cater specialized sophisticated repairing, machining and testing services to Ceylon Electricity Board, Sri Lankan Airlines, Irrigation department and several other government institutions.

HEALTH, SAFETY AND ENVIRONMENT

As a company with ISO 14001:2015 and OSHAS 18001:2007, CDPLC is in full attention on Health, Safety and Environment aspects. The goal is to minimize any issues related to Health, Safety and Environment and work as a committed team. Due to the proper implementation of these frameworks, after the Easter Sunday incident, the company was able to focus more on Employees' and Organization's security within the premises.

APPRECIATIONS

As we conclude another important year in our journey of growth, I would like to express my sincere gratitude to all our shareholders, in particularly the main shareholder, Onomichi Dockyard of Japan for their guidance and support in patience. Our voyage through difficult times depends largely on the prudent governance of our Board of Directors and therefore I am deeply grateful to our Board of Directors for their leadership. All our employees including the Subsidiary Companies, Management teams, Engineers, trade union and Subcontract Companies play a vital role on our way for future success. I would like to thank them for their commitment and professionalism even during hard times for recovery. I would also like to express my gratitude to the Government, BOI, Sri Lanka Ports Authority, Sri Lanka Navy, Department of Customs, Export Development Board, Service providers, Suppliers and our Bankers for their invaluable support. Finally I sincerely thank all our customers for their confidence placed in our capabilities. Let us pursue greater heights together and launch **"Make in Sri Lanka"** philosophy.



D.V. Abeysinghe
Managing Director/ CEO

4th August 2020
Colombo

BOARD OF DIRECTORS



Hideaki Tanaka
Chairman



Sarath De Costa
Vice Chairman



D. V. Abeysinghe
Managing Director/CEO



T. Nakabe
Director



K. Kanaya
Director



H. A. R. K. Wickramathilake
Director



Lalith Ganlath
Director



H. A. Karunaratne
Director



M. Saadi A. Wadood
Director

Hideaki Tanaka**Chairman**

Mr. Tanaka holds a Bachelor's Degree in Economics from Rikkyo University, Japan.

Appointed as the Chairman of Colombo Dockyard PLC on 26th March 2019. Mr. Tanaka has also been appointed as a Director of Dockyard General Engineering Services (Pvt) Ltd, Dockyard Technical Services (Pvt) Ltd and Ceylon Shipping Agencies (Pte) Limited, Singapore.

Currently holds the position as Vice Chairman/Director of Japanese Chamber of Commerce Manufacturing Division

He has a wide working experience over 30 years at Mitsui Engineering & Shipbuilding Co. Ltd and its subsidiaries such as MES (Thailand) Ltd - Thailand and Mitsui Zosen Europe Ltd, etc., where he held top management positions in different sectors viz Port Cranes, Bridges, Steel Structures, Power Generation Plants, Electric Power Plants. During his service, he has pioneered in promoting Company business to Thailand, Myanmar, Denmark and other Asian Countries.

He has also served as the General of Manager of Naval Ship and Defense System Sales Dept. and Commercial Ship and Governmental Ship System Sales Dept. of the Mitsui Engineering & Shipbuilding Co. Ltd covering Naval Ships, Patrol Ships and Commercial Vessels including VLCC and Bulk Carriers. Mr. Tanaka has also worked as the Sales Manager at Tamano Shipyard, Japan.

Sarath De Costa**Vice Chairman**

Dip. Foundry Engineering

Former Consul General for Sri Lanka in Osaka, Japan.

Appointed to the CDPLC Board in June 1993. Present Chairman and Managing Director of AMANO & TIVOLI Group of Companies, President Imperial Trading Corporation Japan, Director of Central Industries PLC., Director Ceylon Shipping Agency (Pte) Ltd Singapore and Director Waters Edge Limited. Also serves as Vice President of Sri Lanka - Japan Business Cooperation Committee, Life Member - Japan Sri Lanka Technical Co-operation and Member - Sri Lanka Japan Friendship Society.

Served as a Representative in Japan for the Board of Investment of Sri Lanka, Patron - Department of Neurosurgery Trust (National Hospital), Trustee - National Health Development Fund (Ministry of Health), Special Envoy / Advisor Board of Investment of Sri Lanka, Member of Advisory committee - Ministry of Wild Life Resources Conservation and Director of Industrial Development Board.

D.V. Abeysinghe**Managing Director / CEO**

B Sc Engineering (Hons). C Eng FIE(SL) FRINA(UK), MCPM(SL)

Appointed to Colombo Dockyard PLC (CDPLC) Board on 08th November 2016 as the Managing Director / CEO

Currently holds positions as the Chairman of Dockyard General Engineering Services (Pvt) Ltd and Dockyard Technical Services (Pvt) Ltd Director of Ceylon Shipping Agency

Singapore, Director of Sri Lanka Port Management & Consultancy Services Member of the Advisory Committee on Boat Building of Export Development Board Sri Lanka. He is a member of LR South Asia Advisory Committee. the Indian Technical Committee of NKK and DNV GL South Asia Committee. He is also a member of Board of Governors of Ocean University.

T. Nakabe**Director**

B.A (British American Literature) Tamagawa University, Tokyo, Japan Mount Ida College, MA, USA

Appointed to CDPLC Board in March 2010. The President of Onomichi Dockyard Co., Ltd in Japan He has worked for Fuji Xerox from 1994-2001 and Joined Onomichi Dockyard as Deputy Branch Manager in 2001. During his overall career in Onomichi Dockyard he has served as Deputy Branch Manager (2001), Director/Branch Manager (2003), Managing Director (2005), Senior Managing Director (2007) and finally as the President of Onomichi Dockyard Co., Ltd from 2009 to up to date.

He also serves as a Director in the related companies of Asaka Kosan kaisha Limited Japan, Asahi Sangyo Co., Ltd. Japan, Asahi Engineering Co., Ltd. Japan, Cosmo Ship Service Co., Ltd. Japan, Japan Steels Co., Ltd. Japan, Onomichi Zosen International, S.A. Panama, Saiki Heavy Industries Co., Ltd. Japan, Y M Service Co., Ltd. Japan.

Board of Directors

K. Kanaya

Director/Technical Advisor

Mr. Kanaya holds a Civil Engineering and Architecture Degree from Hiroshima University, Japan.

Appointed to the CDPLC Board on 26th March 2019. He has also been appointed as a Director of Dockyard General Engineering Services (Pvt) Ltd and of Dockyard Technical Services (Pvt) Ltd.

H. A. R. K. Wickramathilake

Director

FCA, B.Sc - Public Administration, Dip.in Shipping Norwegian Shipping Academy, Oslo

Appointed to the CDPLC Board in 1995. Chairman, Mercantile Shipping Company PLC, Royali Power (Pvt) Ltd, Royali Homes and Lands (Pvt) Ltd, Ceylon Eco Spices (Pvt) Ltd, Ceylon Eco Fields (Pvt) Ltd and several other companies connected with the Mercmarine Group.

Lalith Ganlath

Director

Attorney-at-Law and NP, Solicitor (England and Wales) Barrister and Solicitor (ACT Australia)

Appointed to CDPLC Board in June 1993 and is the Proprietor of GANLATHS and Chairman of Ganlaths Secretarial Services (Pvt) Ltd, Foreign Investment Facilitators (Pvt) Ltd., Migration Facilitators (Pvt) Ltd.

Mr H A Karunaratne

Director

Mr. H A Karunaratne is currently functioning as the Deputy Governor of the Central Bank of Sri Lanka and has extensive experience in the financial services sector in Sri Lanka and overseas. He is a Member of the Monetary Policy Committee and Chairman of the Financial System Stability Committee, National Payments Council and EPF Investment Oversight Committee of the Central Bank. He serves as the Chairman of Credit Information Bureau of Sri Lanka, Institute of Bankers of Sri Lanka and West Coast Power (Pvt) Ltd. In addition, he also serves in the Boards of Securities and Exchange Commission, Colombo Dockyard and Insurance Regulatory Commission of Sri Lanka among others. During his thirty four years career some of the key positions held by him have been Assistant Governor and Secretary to the Monetary Board, Secretary to the Monetary Board Advisory Audit Committee, Director, International Operations Department, Director, Financial Intelligence Unit of Sri Lanka, Additional Director, Domestic Operations Department and Chief Dealer of the Central Bank of Sri Lanka.

Mr Karunaratne served as a Vice President, Fixed Income Department, Refco Singapore Pte Ltd and Vice President, Prime Risk Monitoring, Man Financial Pte Ltd, Singapore, during which he obtained the license from the Monetary Authority of Singapore to trade futures options and other derivative products.

Mr Karunaratne was a Member of the Foreign Reserves Management Committee and Market Operations Committee of the Central Bank of Sri Lanka from May 2009 to October 2015. He holds a BSc Business Administration degree from the University of Sri Jayawardenapura, Sri Lanka and an M A in Economics from the Ohio University, USA. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr Karunaratne is a regular speaker at various local and international forums on reserves and portfolio management.

M. Saadi A. Wadood

Director

LLM (Corporate Law) King's College, University of London. Attorney-at-Law of Supreme Court of Sri Lanka.

Currently Mr. Wadood practices as a Corporate / Civil lawyer in Colombo and functions as a Director of numerous private companies including SMB Leasing PLC.

CORPORATE MANAGEMENT



D. V. Abeysinghe
Managing Director/CEO



K. B. P. Fernando
Chief Operating Officer



Mangala De Silva
General Manager
(Human Resource Development
& Administration)



R. M. Vajira Rathnayake
General Manager
(Supply Chain Management)



Lal Hettiarachchi
General Manager
(Projects & Engineering)



M. Rohan De Silva
General Manager
(Finance & System
Implementation)



Thimira S. Godakumbura
General Manager
(Design & New Construction)



S.G. Senadeera
General Manager
(Ship Repair Production)



P. D. Gihan Ravinatha
Chief Financial Officer



Manori Mallikarachchi
Legal Consultant/Company
Secretary



N.M.K.B Nayakarathne
Managing Director/CEO (DGES)

Corporate Management

D. V. Abeysinghe **Managing Director/CEO**

*B Sc Engineering (Hons), C Eng.,
FIE(SL), FRINA(UK), MCPM(SL)*

Appointed to Colombo Dockyard PLC (CDPLC) Board on 08th November 2016 as the Managing Director/CEO. Graduated from the University of Moratuwa, Sri Lanka in the field of Mechanical Engineering in 1985 and joined Colombo Dockyard (Pvt) Ltd (today, Colombo Dockyard PLC) on 2nd December 1985.

He has acquired qualifications and experiences with several overseas trainings including JICA training on Shipbuilding, Repairing, Maintenance and Naval Architecture and a Shipyard Practical Training at Hitachi Zosen Innoshima Shipyard Japan.

He is a Chartered Mechanical Engineer and a Fellow Member of the Institution of Engineers Sri Lanka and a Fellow Member of Royal Institution of Naval Architectures, UK. He is also a member of the Institute of Certified Professional Managers, Sri Lanka. In his overall carrier in the Company, has served in Ship Repair division, Shipbuilding and Projects & Engineering division holding managerial positions and has directly contributed for enhancing Shipbuilding and Heavy Engineering capabilities. He was positioned as the Senior General Manager/Chief Operating Officer in June 2016 before appointing as MD/CEO in November 2016.

K. B. P. Fernando **Chief Operating Officer**

*MBA (University of Colombo), DOT Class II
(Singapore)*

He is having over 34 years of exposure in this field. Out of which, 07 years had been at sea as a qualified Marine Engineer & the rest at Colombo Dockyard Plc in the sectors of Ship Repairs, Ship Management, Invoicing & Commercial. He holds the position of General member (Ship Repair Business) since 2015.

Mangala De Silva **General Manager (Human Resource Development & Administration)**

*MBA (USJ), M LRHRM (Col), Dip.M.
CIM(UK), MABE (UK), Attorney-At -Law*

Has over 29 years of experience at Colombo Dockyard Plc in the field of Human Resource Management and Administration. A life member of the Bar Association of Sri Lanka, PIM Alumni Association and member of the Association of Business Executives (UK). Qualified as a Lead Auditor certified by LRQA. Trained in Solving Human & Organizational Problems, under AOTS in Nagoya, Japan

R. M. Vajira Rathnayake **General Manager (Supply Chain Management)**

*B.Sc., (Sri Lanka), GDMM (Singapore),
MBA (Australia), Dip. (Shipping Law
and Practice) (ICLP & CCC, Sri Lanka).*

Joined Colombo Dockyard Plc in 1996. Has over 23 years of experience in the field of the Supply Chain Management. Served 03 Years as Manager of the Ceylon Shipping Agency (PVT) Ltd.,

Singapore. Currently serving as an external board member of the Faculty of the Computing and Technology of the University of Kelaniya, Sri Lanka and also a member of the Industry Advisory Board of the same faculty. Associate Member of the Singapore Institute of Management.

Lal Hettiarachchi **General Manager (Projects & Engineering)**

*B.Sc. Eng (Hons), C.Eng, FIE (Sri Lanka),
MBA (PIM-USJ)*

He has served over 25 years in the fields of Ship Repair, Ship Design and Ship Building as an engineer as well as a senior manager. Underwent a 10 months training at Onomichi Shipyard Co.,Ltd Japan in 1999. Currently serves as a Member of South Asia Technical Committee of Lloyds Register and visiting lecturer of kothalawala Defense University

M. Rohan De Silva **General Manager (Finance & System Implementation)**

*MBA University of India, Dip
MA(CIMA),MABE (UK), MCPM*

Joined Colombo Dockyard PLC in 1988 and has over 31 years of experience in the field of Finance and Management Accounting. Master of Business Management from Institute of Chartered Financial Analyst India. Member of the Association of Business Executives (UK), Member of Certified Professional Managers. Trained in General Management at National University of Singapore (NUS).

Thimira S. Godakumbura
General Manager (Design & New Construction)

B.Sc. Eng. (UoM), MBA (PIM-USJ), C.Eng. MIE (SL), MRINA (UK)

He obtained BSc. Eng. Degree in Mechanical Engineering from the University of Moratuwa, Sri Lanka in 1999 and started career at Colombo Dockyard PLC. since 2000 as Trainee engineer. He has gained rich experience and knowledge with local and overseas training including in Onomichi Dockyard, Japan and Dry Dock World, UAE. He Obtained Master's Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayawardenepura. Gaining over 20 year experience in the field of Ship Building, Ship Repair & Heavy Engineering, he has held senior management positions in Production Management & Project Management during his career in CDPLC before his new position as General Manager (New Construction) since June 2018. He is a Chartered Mechanical Engineer and a corporate Member of the Institution of Engineers Sri Lanka and a cooperate Member of the Royal Institution of Naval Architects, United Kingdom. He is serving as a member of the Indian Technical Committee of Nippon Kaiji Kyokai (ClassNK).

S.G. Senadeera
General Manager (Ship Repair/Production)

B.Sc. (Eng), Dip. In Shipping Law & Practice, Dip. In PM (UoM)

He has completed his first degree in the field of Mechanical Engineering from the University of Moratuwa in 1995 and started career in the same year 1995 as a Trainee Engineer at Colombo Dockyard PLC. He has successfully completed local & overseas training related to the Ship Repair, Ship Building and Yard Maintenance in different institutions and got one of the valuable overseas training from JASTECA in Japan (one month). He is having 25 years of exposure in this field including more than two years' service as Manager of the Ceylon Shipping Agency (PVT) Ltd., Singapore.

P. D. Gihan Ravinatha
Chief Financial Officer

FCA, MBA (PIM - USJ)

Over 17 years' experience in the field of Finance, with 8 years at audit sector and 9 years at CDPLC. Fellow member of the Institute of Chartered Accountants of Sri Lanka. He has completed his MBA from Postgraduate Institute of Management, University of Sri Jayawardenapura (PIM)

Manori Mallikarachchi
Legal Consultant/Company Secretary

Attorney-at-Law & Notary Public

Joined CDPLC in 1996. Has over 23 years of experience at CDPLC in the field of Legal, Secretarial & Compliance.

N.M.K.B Nayakarathne
Managing Director/CEO (DGES)

B.Sc Engineering (Hon) from University of Moratuwa He has more than 30 years experience in the related field of which 26 years has been at CDPLC and 2 years overseas.

FINANCIAL REVIEW

GROUP FINANCIAL HIGHLIGHTS

For the Year (Rs. Mn)	2019	2018	Change	%
Income Statement				
Revenue	11,631.5	14,946.5	(3,315.5)	(22%)
Gross Profit	608.4	1,344.3	(735.9)	(55%)
Profit/(Loss) after Tax	(1,677.0)	337.4	(2,015.1)	(597%)
Balance Sheet				
Total Assets	17,019.8	16,989.5	30.3	0.1%
Total Liabilities	8,603.9	6,692.5	1,911.4	28%
Shareholders' Funds	8,334.7	10,220.2	(1,885.5)	(18%)
Net Cash & Cash Equivalent	4,326.9	4,914.4	(587.5)	(12%)
Interest bearing borrowings	3,670.5	2,712.3	958.2	35%
Financial Ratios				
Earning Per Share (Rs.)	(23.4)	4.6	(28.1)	(608%)
Dividend Per Share (Rs.)	-	1.5	(1.5)	(100%)
Net Assets Per Share (Rs.)	95.0	143.4	(48.4)	(33%)
Gearing Ratio (%)	0.00	0.00	0.00	0.00
Return on Total Assets (%)	(13.6)	2.0	(15.6)	(780)
Working Capital to Assets (%)	18.5	36.6	(18.1)	(49%)

Colombo Dockyard PLC (CDPLC), is in the ship repairs, shipbuilding and heavy engineering business to deliver sustainable performance.

With total assets of Rs. 17,019.8 Mn (2018 - Rs. 16,989.5 Mn) as at end 2019, the Group serves a global customer base through its core business activities of ship repairs, shipbuilding and heavy engineering services to over 25 countries.

Majority of the key factors influencing our business are global and regional economic conditions, oil and gas exploration, shipping freights charges, currency fluctuations and international regulation on shipping and shipping environments.

As the Group's operations involve providing a range of products and services to a broad spectrum of customers in many geographical

locations, no one factor, in the Management's opinion, determines the Group's financial condition or the profitability of the Company's operations.

FINANCIAL PERFORMANCE GROUP REVENUE

The Group achieved a total revenue of Rs. 11,631.5 Mn (2018 - Rs. 14,946.5 Mn) for the financial year 2019 showing a decline of 22% (Rs.3,315 Mn) against last year. Mainly attributed to 38% decline of Shipbuilding revenue, 66% decline of material and other sale revenue, 10% decline of Heavy engineering revenue and 3% decline of Ship repairs revenue.

SEGMENT CONTRIBUTION TO THE GROUP REVENUE

Group revenue includes the Company's core activity of ship repairs, shipbuilding, heavy engineering & material sales from subsidiary companies. The major revenue

contributor for the group has become ship repairs with 49.6% compared to 39.6% recorded last year.

EXPORT REVENUE

The group's export revenue includes the revenue generated mainly from shipbuilding and ship repair operations.

Total export revenue recorded for 2019 was Rs. 8,710.2 Mn compared to Rs. 12,195.0 Mn showing a decline of 28.57%.

The major overseas market of the Company during the year becomes Japan with 43.73% (Rs. 3,808.7 Mn) of the total export revenue followed by India with 34.15% (Rs. 2,974.4 Mn). However, the Indian market continued to be the major overseas market for the ship repair sector, with a contribution of 51.52% (Rs. 2,974.4Mn) of the total export ship repair revenue under 2019.

The dominant currency for export continued to be the US dollar, accounting for 100% of total exports. The depreciation & appreciation of the Sri Lankan Rupee continued to impact on the conversion of US dollar proceeds.

EARNINGS BEFORE TAX AND DEPRECIATION

The Group's earnings before tax, depreciation and amortization recorded as (Rs. 984.1 Mn) during the year compared to last year Rs. 907.4 Mn. The deterioration during 2019 was primarily due to the negative contribution recorded mainly from shipbuilding and ship repair operations compared to 2018.

OTHER INCOME

Other Income of the Group excluding interest income has decreased to Rs. 164.7 Mn during the year from Rs. 1,024.1 Mn recorded for last year.

PROFIT AFTER TAX

The Company recorded a Loss after tax of Rs. 1,935.4 Mn during the year under review representing a (1,438%) decline compared to the year 2018 profit of Rs. 144.6 Mn..

CONTRIBUTION TO SRI LANKAN ECONOMY

The Colombo Dockyard PLC has generated direct foreign revenue of Rs.8,710.2 Mn (US\$ 49 Mn) and generated further Rs. 870 Mn as import substitutes. The direct value addition generated by the Company was Rs. 2,713.0 Mn, (2018- Rs. 4,654.3 Mn). This is mainly comprised of revenue generated from shipbuilding, ship repairs, heavy engineering and other non-operating income.

The local value addition generated by the Company was Rs. 5651.0 Mn (55.7%) compared to Rs. 7,142.1 Mn (54.2%) recorded for 2018. Company provides over 3,000 direct employments and over 400 on the job training facilities for National Institutes such as NAIT, ATI, IET and local Universities. Colombo Dockyard PLC as a single business entity contributes average 0.3% to Sri Lankan annual industrial export earnings.

EXCHANGE RATES

During the year 2019, Sri Lankan rupee has depreciated against the US dollar by 15.1% during the year up to date reflecting a broad-based strengthening of the dollar globally, outflows from the government securities market and demand for import expenditure in the foreign exchange market. Sri Lankan rupee has also depreciated against other major currencies during this period reflecting cross-currency movements.

FINANCIAL POSITION

Total Assets

The Company's total assets as at 31st December 2019 were Rs. 14,626.0 Mn and shows a decrease of 2.9% to from Rs. 15,053.6 Mn recorded for 2018. This reduction is mainly due to drop in Trade and Other Receivable by Rs. 517.7 Mn (10.14%) and drop of inventories by Rs.197.9 Mn (28.17%) again last year.

Current Assets

Current assets of the Company too has reduced to Rs. 9,474.2 Mn in 2019 compared to Rs. 10,309.7 Mn in 2018.

Working Capital

The net working capital of the Company shows a reduction during the year to stand at Rs. 2,701.1 Mn under review as against last year figure of Rs. 5,065.3Mn.

Cash Flow

Cash used in the Group's operations before working capital changes stood at Rs. 998.6 Mn in 2019 compared with cash generated Rs. 1253.1 Mn in the previous year. Cash generated from operations decreased due to the negative contribution recorded mainly from shipbuilding and ship repair operations compared to 2018.

Net cash used in investment activities was Rs. 833.5 Mn during 2019, as against Rs. 315.5 Mn for previous year. The Group invested a total of Rs. 753.1 Mn in yard development and productivity improvement related investments.

The Group's cash and cash an equivalent at the end of 31st December 2019 was Rs. 4,326.9 Mn, which is a marginal reduction against last year figure of Rs. 4,914.6 Mn.

NET ASSETS VALUE PER SHARE

The net assets value per share of the Company reduced to Rs. 95 as at 31st December 2019 compared to Rs. 124.79 recorded for last year due to the loss incurred during the year under review.

CAPITAL STRUCTURE

Total assets of the Group stands at Rs. 17,019.8 Mn as at 31st December 2019, compared with Rs. 16,989.5 Mn in the previous year. Assets were funded by shareholders funds 48.9%, non-current liabilities 6.3% and current liabilities 44.8%.

Financial Review

DEBT

Group's total debt was Rs. 3,670.5 Mn as at balance sheet date, a 35.3% (Rs. 958.2 Mn) increased against 2018. This was primarily due to the lower repayment of short-term and lesser numbers of loans obtained during the year. Group's long-term debts continued to main at zero level as at 31st December 2019. The Company gearing level continues to be at zero level points, from 2013.

PERFORMANCE OF THE SHARE

The share price of the Company as at 31st December 2019 recorded at Rs. 62, showing a positive growth of 11.5% compared to last year's closing price of 55.60. A 1.27% growth trend is noted in All Share Price Index in the Colombo Stock Exchange as at 31st December 2019 compared with 31st December 2018. The share price recorded the highest price of Rs. 68 on 29th November 2019 and lowest of price of Rs. 47.9 on 21st May 2019.

FINANCIAL REPORTING

Colombo Dockyard PLC is committed to adopting the best practices in financial reporting with providing the most updated developments in financial reporting and disclosure. The financial reports on page 50 to 102 have been prepared in compliance with Sri Lanka Accounting Standards.

OUR ACHIEVEMENT

The Company gives high priority to timely delivery of both quarterly and annual financial statements. Our comprehensive reporting has enabled shareholders and all other takeholders to make a fair assessment of the company's performance.

SUBSIDIARIES PERFORMANCE

The total revenue from subsidiary companies recorded as Rs. 2,560.8 Mn represented by Rs. 1,663.6 Mn from wholly owned Subsidiary of Dockyard General Engineering Services (Pvt) Ltd. (DGES), and Rs. 863.4 Mn (SGD 6.6 Mn) from Ceylon Shipping Agency (Pte) Ltd (CSA) Singapore with 51% holding

DGES has recorded a net profit of Rs. 254.4Mn for 2019 compared to Rs. 216.7 Mn profit reported for 2018. The CSA recorded a net profit of SGD 62,750/- against the profit of SGD 105,327/- for 2018.

STATEMENT OF VALUE ADDITION (COMPANY)

	2019 Rs. 000	2018 Rs. 000
Ship Repairs	5,773,073	5,927,741
Offshore Marine		
Shipbuildings	4,267,059	6,869,782
Heavy Engineering	105,418	371,477
Operating Revenue	10,145,550	13,169,000
Other Income	166,354	1,060,224
Total Revenue	10,311,904	14,229,224
Less: Cost of Materials & Services		
Purchased from External Sources	7,598,827	9,574,835
Value Addition	2,713,077	4,654,389
Value Addition as a % on Revenue	26.5%	35.3%
Distributed as Follows:		
To Employees as Remuneration & Benefits	3,958,840	3,941,926
To Shareholders as Dividends	-	107,788
To Lenders as Interest	161,418	100,641
To Government Taxes	73,334	47,753
Retained in the Business		
- as Depreciation	454,972	420,086
- as Revenue Reserves	(1,935,488)	36,195
Value Distribution	2,713,077	4,654,389
Value Distribution %		
To Employees as Remuneration & Benefits	145.9%	84.7%
To Shareholders as Dividends	-	2.3%
To Lenders as Interest	5.9%	2.2%
To Government Taxes	2.7%	1.0%
To Retained in the Business	(54.5%)	9.8%

CORPORATE GOVERNANCE

The Corporate Governance at Colombo Dockyard PLC (CDPLC) is built on the core Principles of high standard of accountability, participation, transparency and maintenance of sustainable business model to reflect its strong belief in protecting and enhancing shareholder value. The Group firmly believes that the professionalism, integrity and commitment of its Board members and employees, supported by a sound system of policies, practices and internal controls are prime concerns that will enable us to preserve long-term value and returns for its shareholders.

OVERVIEW

Under the guidance of its Board, Colombo Dockyard PLC (CDPLC) is committed to achieving high standards of corporate governance to protect shareholder value. The Company recognizes the important role that clearly defined corporate governance processes play in enhancing corporate accountability and sustainability. This report outlines the Company's corporate governance processes and activities for the financial year 2019 with reference to the Code of Best Practice of the Institute of Chartered Accountant Sri Lanka, the requirements of the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange. In addition to comply with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and ethics at workplace have been institutionalized.

CDPLC recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all the stakeholders.

BOARD OF DIRECTORS

The core responsibility of the directors is to exercise their judgment to act in what they reasonably believe to be the best interests of the Company and for the creation of long-term value and return for shareholders. The Board is responsible for the Group's overall performance objectives, financial plans and annual budget, major investments, divestment and funding proposals, financial performance reviews, risk management and corporate governance practices. To ensure the efficient discharge of its responsibilities and to provide Independent oversight of Management, the Board has established Board Sub Committees, including the Audit Committee, Remuneration Committee and Related Party Transaction Review Committee. These committees are primarily made up with Non-Executive Directors. The respective roles and responsibilities of each of the Board sub Committees are included in this report.

Board Members	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
Mr. H.A.R.K. Wickramathilaka (FCA)	Chairman	Chairman	Chairman
Mr. Lalith Ganlath	Member	Member	Member
Mr. Sarath De Costa	Member	Member	Member
Mr. D. V. Abeyasinghe	-	-	Member

The current Board comprises of nine Directors; six of them are Non-Executive Directors. The Board's Chairman, Mr. H. Tanaka and Mr. K Kanaya are Executive Directors. Mr. D. V. Abeyasinghe who is the Managing Director & CEO, of Colombo Dockyard PLC is also an Executive Director. All Non Executive Directors submit a Declaration annually to the Board regarding their independence. Non-Executive Directors, Mr. H. A. R. K. Wickramathilake and Mr. Lalith Ganlath are independent except for the fact that they hold offices over nine consecutive years, which has been duly ratified and determined by the Board that they are nevertheless independent for the current year, as provided under the Listing Rules of CSE, as they have been duly reelected by the shareholders at the Annual General Meeting of each year. The Board so Determined Based on the Annual Declaration Submitted by the Non-Executive Directors.

Director	Position on the Board	Date of Appointment	Nature of Appointment
Mr. H. Tanaka	Chairman	26th March 2019	Executive/Nominee Director
Mr. Sarath De Costa	Vice Chairman	21st June 1993	Non-executive/Nominee Director
Mr. D.V. Abeysinghe	Managing Director/CEO	08th Nov 2016	Executive/Nominee Director
Mr. T. Nakabe	Director	24th March 2010	Non-executive/Nominee Director
Mr. K. Kanaya	Director	26th March 2019	Executive/Nominee Director
Mr. L. Ganlath	Director	21st June 1993	Non-executive/Public Director (Independent)
Mr. H.A.R.K. Wickramathilake	Director	28th April 1995	Non-executive/Public Director (Independent)
Mr. M.S.A. Wadood	Director	08th Nov 2017	Non-executive/Nominee Director
Mr. H.A. Karunaratne	Director	07th Dec 2018	Non-executive/Nominee Director

The composition of the Board Sub Committees ensures an equitable distribution of responsibilities among Board Members to maximize the effectiveness of the Board and foster active participation and contribution. Diversity of experience and appropriate skills are considered along with the need to maintain appropriate checks and balances between the different committees with its greater involvement in key business and executive decisions, and membership of the Audit, Remuneration and Related Party Transactions Review Committees, with their respective oversight roles, is mutually exclusive.

To focus on a director's attendance at formal meetings alone may lead to a narrow view of a director's contribution.

Contributions from each director can be made in many forms, such as bringing strategic relationships to the Group and providing guidance to Management or exchanging of views outside the formal environment of the Board and/or Board Sub Committee

The Board members are free to discuss and voice their concerns on proposals that are raised for the Board's consideration and approval. Board meeting attendance details are given in below table:

Name	Feb	Mar	May	July	Aug	Nov
Mr. H. Tanaka	-	✓	✓	✓	✓	✓
Mr. Sarath De Costa	✓	✓	✓	✓	✓	✓
Mr. D.V. Abeysinghe	✓	✓	✓	✓	✓	✓
Mr. T. Nakabe or Alternate	✓	✓	✓	✓	✓	✓
Mr. K Kanaya	-	✓	✓	✓	✓	✓
Mr. L. Ganlath	-	✓	✓	✓	✓	✓
Mr. H.A.R.K. Wickramathilake	✓	✓	✓	✓	✓	✓
Mr. M.S.A. Wadood	✓	✓	✓	-	-	✓
Mr. H.A. Karunaratne	-	✓	✓	✓	✓	✓
Dr. T. Takehara	✓	-	-	-	-	-
Mr. K. Utsumi	✓	-	-	-	-	-

AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors of whom two Directors are independent, namely Mr. H. A. R. K. Wickramathilake (Chairman), and Mr. Lalith Ganlath, who are Public Directors, and other Directors namely Mr. Sarath De Costa, who has been nominated to the Board by a major shareholder.

REPORT OF THE AUDIT COMMITTEE

In terms of the Listing Rules of the Colombo Stock Exchange the Audit Committee will assist the Board to improve the existing system to be more transparent. It will focus on system of internal control financial reporting process compliance with the laws and regulations and other best practices for Corporate Governance. The Committee examined the independence of the External Auditors and satisfied with the information provided to independence of the Auditors and further recommends reappointment of the Auditors. The Committee has reviewed internal control systems of all the areas and recommendations received were submitted to the Board for implementation. Accordingly,

Corporate Governance

following areas were reviewed and shortcomings were rectified and systems were improved by obtaining services of experts in relevant fields.

- Procedure and Control over Sub Contractors
- Recruitment process, Performance Evaluation and Promotions of employees
- Future Marketing plan
- Cost Reduction plans
- Ship Repair Agents Network
- Insurance aspect of the company and renewal process
- IT development
- Discussion with external Auditors - KPMG

In addition to the above, the Committee regularly reviews the quarterly accounts and audited accounts before these are presented to the Board of Directors. During the period under review the Committee met on 05 Occasions and reports on meeting were presented to the Board.

The Managing Director/CEO and Chief Financial Officer on our request assisted us at these meetings to formulate our recommendation.

The Directors are equipped with complete, adequate and timely information and resources. The Management of Colombo Dockyard PLC provides adequate managerial and operational reports and financial statements of the Group to the Board on a regular basis. As a general rule, the necessary reports/information is submitted to Directors at least four days before the meeting. So that Directors get a better understanding about the matters

prior to the meeting. Thus the discussion may be more focused on the questions that the Board or sub Committee has about the matters.

Senior managers who can provide insight into the matters at hand would be present at the relevant time during the meetings. Quarterly financial highlights performance and developments of the Group are presented at Board Meetings.

The General Manager (Finance and System Implementation) and senior managers if necessary are also present at the meeting to address queries the Board may have.

The Company Secretary assists the Chairman with the preparation of meeting agenda and administers, attends and prepares minutes of Board proceedings, ensuring good information flow within the Board and its Committees. The Secretary assists the Board on the compliance with its Articles of Association, laws and regulations, including requirements of the Companies Act, Rules of Colombo Stock Exchange and Securities and Exchange Commission of Sri Lanka Act.

Audit Committee meeting attendance details are given in below table

Name	Feb	May	July	Aug	Nov
Mr. H. A. R. K. Wickramathilake	✓	✓	✓	✓	✓
Mr. Sarath De Costa	✓	✓	✓	✓	✓
Mr. Lalith Ganlath	-	-	✓	✓	✓

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three Non Executive Directors, namely Mr. H. A. R. K. Wickramathilake, (Chairman), and Mr. L. Ganlath, who are independent, and Mr. Sarath De Costa, who has been nominated to the Board by a major shareholder

REPORT OF THE REMUNERATION COMMITTEE POLICY

The Committee makes recommendations regarding remuneration of the Managing Director/CEO to the Board for final determination.

FUNCTIONS

The Committee will assist the Board to decide on certain parameters in formulating the Remuneration Policy with the view to retaining highly qualified, experienced personnel in a very competitive environment while looking at the cost aspect for the benefit of all stakeholders of the Company. The Committee will have meetings as and when it deemed necessary to decide on the remuneration of the Managing Director/CEO. The aggregate remuneration paid to the executive and non-executive Directors are given in Note 08 to the Financial Statements.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee comprises of three Non Executive Directors, namely Mr. H. A. R. K. Wickramatileka, (Chairman), and Mr. L. Ganlath, who are independent, and Mr. Sarath De Costa, who has been nominated to the Board by a major shareholder and one Executive Director namely Mr. D. V. Abeysinghe, Managing Director/CEO who has been nominated to the Board by a major shareholder. During the period under review the Committee met on 03 occasions and the Committee discussed and reviewed the related party transactions and found that during the year under review none of the transactions were needed to be referred to the Board since the value of transactions were far below the required norms

Related party transactions review committee meeting attendance details are given in below table

Name	Feb	May	Nov
Mr. H. A. R. K. Wickramathilake	✓	✓	✓
Mr. Sarath De Costa	✓	✓	✓
Mr. Lalith Ganlath	-	-	✓
Mr. D. V. Abeysinghe	✓	✓	✓

ANNUAL GENERAL MEETING

The Company's 36th Annual General Meeting (AGM) was held on 26th March 2019 At the AGM 158 shareholders were present by person or by proxy.

The resolutions passed at the AGM were as follows:

- To receive the Annual Report of the Board of Directors on the affairs of the Company, the Audited Accounts for the year ended 31st December 2018 and the Report of the Auditors.
- Re-election of Directors in terms of the Articles of Association of the Company.
- Appointment of KPMG, Chartered Accountants as the External Auditors of the Company for 2019 and to authorize the Directors to approve their remuneration
- To authorize the Directors to determine donations for the year 2019 and up to the date of the next AGM.

Company Compliance with Corporate Governance Rules as per Section 7.10 of the Listing Rules of the Colombo Stock Exchange and discloses the level of compliance in this report as appropriate. The Management of the Company is committed to assist the Board to implement and strengthen good corporate governance practices. The Board exercises its discretion to seek independent professional advice if deemed necessary to ensure that full information and advice is available before any important decision is made.

INDEPENDENT INTERNAL AUDIT FUNCTION

The Internal Audit Function of the Company is provided by the Internal Audit Staff (Financial & System Review) provided by, B. R. De Silva & Co, Chartered Accountants, which reports directly to the MD/ CEO on all audit matters. The internal audits performed are aimed at assisting the Board and Management in the discharge of their corporate governance responsibilities as well as improving and promoting effective and efficient business processes within the Company.

SUBSIDIARY MONITORING FRAMEWORK

As the major shareholder, the Colombo Dockyard PLC. Nominates its representatives for the Boards of subsidiary companies namely, Dockyard General Engineering Services (Pvt) Ltd., and Ceylon Shipping Agency (Pte) Ltd., Singapore and monitors the performance of such companies, by the following means:

- a) The Board of Directors reviews Financial Statements Monthly/ Quarterly.
- (b) A statement containing all significant transactions and contracts entered by subsidiaries are placed before the Board

Corporate Governance

CORPORATE RESPONSIBILITY FOR SUSTAINABLE BUSINESS PERFORMANCE

Sustainability at Colombo Dockyard PLC is about striving for excellence and continuous improvement in identifying, understanding and responding to evolving environmental, social and governance challenges facing our business today. Corporate responsibility towards society and the environment is regarded as a fundamental aspect of our strategy execution and decision making process and is prominently placed in the Company's corporate priorities and core values. The Company ensures that it does not compromise this responsibility even at the expense of its economic performance. One of the most important developments of sustainability at Colombo Dockyard is the formation of our "Health, Environment, Safety and Productivity Improvement" (HESPI) Committee representing organization wise employees headed by the General Manager (HRD & A).

Following a satisfactory Technical Review, Colombo Dockyard PLC has been approved by LRQA (Lloyd's Register Quality Assurance Limited) as meeting the requirements of ISO 14001:2015 (Environmental Management System – EMS) to the scope detailed on the approved certificate.

Accordingly, the Colombo Dockyard PLC is the first organization in Sri Lanka to get certified by LRQA Mumbai office for ISO 14001:2015

THE COMPANY SECRETARY

The Company secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company secretary ensures that all relevant information, details, documents is made available to the directors for effective decision making at the meetings.

The Company Secretary is primarily responsible to ensure compliance with applicable statutory, new regulations and is the interface between the management and the regulatory authorities for governance matters.

COMMUNICATION WITH SHAREHOLDERS

All CDPLC price-sensitive information is disseminated to its shareholders via the Colombo Stock Exchange (CSE). Disclosure is never done on a selective basis. Financial and other performance data is given where appropriate, to give shareholders a better insight into the Company's performance. The Annual Report and Quarterly Report produced with group information and as per the rules of the Securities & Exchange Commission and Colombo Stock Exchange are produced to the CSE and then to the shareholders. The website (www.cdl.lk) maintained by the Company offers macro level information of the Company to interested persons. The Board of Directors of the Company always encourages its shareholders to attend and actively take part in the AGM. The Board of Directors have arranged a special corporate Management team to be available at the AGM to answer any queries raised by shareholders.

RISK MANAGEMENT

INTRODUCTION

Risk management is identifying and managing all the existing and potential internal & external risks that could severely impact the stability and growth of the Company. Generally, this involves reviewing operations of the organization, identifying potential risks and the likelihood of their occurrence, and taking appropriate actions to address them, in order to prevent most likely threats.

The Group manages risks under an overall strategy determined by the Board of Directors, supported by the aboard level sub Committees and the General Management team who reviews and enhances the effectiveness of the Group's risk management plans, systems, processes and procedures giving especial attention the principles and generic guidelines provides under the ISO 31000:2009 on risk management.

The concept of risk management became a serious management criterion, with the recent market developments, changes in maritime rules and regulations, employee related lawsuits, promoting discipline that a company should report on their major business risks and on how management deals with them.

Today, risk management has become an integral part of most of the international management systems including ISO 9001, ISO 14001, OHSAS18001, ISO 27001, placing equal importance as financial or facilities.

OUR APPROACH

Being an integral part of the business process risk management is done on a continuing basis, in order to reduce risk volatility and improve returns. As the risk based thinking is incorporated to the upcoming ISO 45001:2018 standard

the yard has taken several initiatives to educate the respective Mangers on new risk management principals. In par conducted a Gap assessment of ISO 45001: 2018 and training with awareness are given accordingly.

Marine and shipping industry in the wide meaning of the term, involves highly specialized activities and is also called as a 3D industry, dirty, dangerous and difficult. It is wedded with high risks, both internal and external.

Thus, we as a responsible business entity, focus on long term sustainable value to all our stakeholders by identifying the risks, both existing and potential: the objective being, to assess all the risks identified determine their most probable impact, and take precautions as far as reasonably practicable by taking prompt actions to mitigate them. The following Key Risks are identified as existing risks, to which we are exposed, on our core and related businesses and have categorized them as Internal and external, for assessment and to facilitate taking adequate precautionary measures.

Risk Assessment can include both qualitative and quantitative assessments of the likelihood of the various risks occurring and the impact of these in terms of cost, schedule and/or performance. The assessment of such risks and the related responses are set out below:

- Operational Risk Management
- Information Technological Risk Management
- Market Risk Management
- Product Risk Management
- Financial Risk Management

INTERNAL RISKS

Operational Risk Management Our Concern

Operational risk, which is inherent in all business activities, is the risk of potential financial loss and/ or business instability arising from failures in internal controls, operational processes or the systems that support them.

It is recognized that operational risk can never be entirely eliminated and that the cost of minimizing it may outweigh the potential benefits. Accordingly, the Group manages operational risk by focusing on risk management and incident management. The Group has also put in place operating manuals, standard operating procedures, delegation of authority guidelines and a regular reporting framework, which encompasses operational and financial reporting.

Our core business activities are in keeping to international standards, compliance to such international conventions and regulatory procedures, is required. In addition, the framework under ISO 9001-2015

QMS provides for management at various levels in CDPLC to systematically review and ensure Compliance with the requirements.

Our Impact

Failure to address these risks promptly and prudently will have a serious negative impact to its operations and the principle of "going concern".

Our Response

Safety and Health of all our employees and visitors are considered as a prime responsibility and a Safety Culture that is not second to any of the developed international shipyards are inculcated

Risk Management

through systematic education, training and prudent implementation of a Safety Management System that we envisage to transform to ISO 45001:2018. In addition, the framework under ISO 9001 : 2015 Quality Management System audited and certified by an accredited International Agency; namely, Lloyd's Register of Quality Assurance provides a prudent framework for encompassing all operational procedures to an integrated management System, giving sound control to the Management of what is being done in the Organization.

Risk of fire and potential damage is mitigated by taking proactive measures such as identifying potential fire risks, checking on combustible gases, both using Company Experts and third party inspectors; i.e., the Analysts of the Government Analyst Department, development of fire guards, fire prevention and control equipment etc. In addition, employee training, on good housekeeping, continuous training, and systematic monitoring and control measures are taken to create a risk-free working environment.

Acknowledging that operational risk can never be entirely eliminated and that the cost of elimination may outweigh the potential benefits, a preventive management approach is taken, with continuous upgrading.

The measures taken are: updating operating manuals & standard operating procedures, checking regularly on the accuracy of functionality of tools, equipment & machinery, delegation of authority, work system permits, guidelines and a regular reporting framework, creating awareness and consciousness and accountability in the operational activities.

Prudent Communication being identified as an important aspect in creating better understanding amongst different groups and levels, the CDPLC Management pays very special attention to inculcate an organization culture that allows a two way communication process, free debate and discussion, consensus decision making process and transparency, resulting in creating sustainable industrial harmony.

The assignment of the internal audit to a third party is another step taken to improve transparency and accountability.

Thus, both the Quality Management Systems Procedures are subject to independent, competent auditors improving the overall control over these processes and transparency.

In addition, where applicable, the risk mitigation actions are supported by risk transfer mechanisms such as insurance.

Safety & Health of all engaged in the yard, including our visitors, are our prime concern and we address this thoroughly, with the continuous education, compliance and audits, carried out by our own Health, Environment & Safety Advisory Committee, the importance of which is now ingrained in to each individual.

Information Technological Risk & Management

Our Concern

Company sustainability depends on accurate information generated through an Integrated Management Information System for prudent and timely decision making.

Our Impact

Any disruption or failures of such a system, infrastructure and applications, may have a negative impact to the Company operations and perhaps would lead to financial losses.

Our Response

This has been addressed by way of daily backups, standby file servers, regularized maintenance etc. Insurance cover is also taken to safeguard unforeseen losses. Our ICT Department has formulated a strategy for 2014- 2019 as Road Map to eFuture, where they identified to conduct ICT Business Continuity and Disaster Recovery Examination every month.

EXTERNAL RISKS

Market (Strategic) Risk & Management Our Concern

Both our Ship repair and Shipbuilding businesses are mainly generated from the foreign market. Accordingly, our competition too is global and perhaps more specifically regional. Today, severe competition is faced from China, India, Pakistan, Indonesia, Malaysia, Vietnam and Thailand. In addition, both Dubai and Singapore, which are larger players, can impact on the upper levels of the pricing. In view of these market pressures, it is essential that CDPLC focuses on providing competitive products and services, irrespective of the fact that our competitors continue to benefit from lower wage costs (in comparison with efficiency and productivity), flexible labor laws, supportive tariff structure, comparatively low energy costs and Government subsidies amongst others.

Our Impact

The pressure from international price competition on our Ship repairs, Shipbuilding and Offshore Engineering market share too will have a serious impact on business generation. The absence of protectionism in the local market and severe competition on Heavy Engineering business by other local contenders too affect the generation of business volumes and price. The country risk, attributed by the security situation, though completely beyond the control of the company, is covered by financial instruments, satisfying and easing the prospective customers, where eventually, the payments made are refundable, on demand.

Our Response

Capitalizing on the current market circumstances and its futuristic forecasts, globally and regionally, the Company has adopted strategies to diversify its products portfolio and position itself in a niche market, based on competitive advantage. We are adopting new marketing strategies focusing on new geographical markets, new market segments and new channels. Focused yard expansion projects are in the pipeline, to attract available opportunities as much as possible, conquering the space limitations.

Financial Risk Management

Financial risks relates to our ability to meet financial obligations and mitigate credit risks, liquidity risks, currency risks, interest rate risk and price risks. To manage these risks, the Group's policies and financial authority limits are reviewed periodically. The Group's activities are exposed to a variety of financial risks, including changes in interest rates, foreign exchange rates and liquidity as well as credit risk.

Interest Rate Risk**Our Concern**

The Group's objective is to maintain an efficient optimal interest cost structure to minimize the adverse effects on fluctuating interest rates.

Our Impact

Impacts the Company's interest earnings, costs, cash flow and profitability.

Our Response

The Group utilizes various financial instruments to manage exposures to interest rate risks arising from operational, financing and investment activities. Borrowing and investing interest rates are always being negotiated to the most feasible extent, in our favor.

Foreign Exchange Risk**Our Concern**

Risk on foreign-currency fluctuation on sales and purchases, denominated primarily by the US dollar, Euros and the Singapore dollar, is high.

Our Impact

Exchange rates fluctuations make substantial impact on both revenue and cost structure leading to changes in final profitability.

Our Response

This risk is minimized by hedging the currency: either by forward foreign exchange contracts in respect of actual or forecasted currency exposures or hedged naturally by matching sales or purchase of matching assets or liability of the same currency and amount. Where feasible, contracts are executed on a basket of currencies, minimizing the potential risks.

Liquidity Risk**Our Concern**

The Group manages its working capital requirements with the view to minimize the cost and maintain a healthy level of liquidity appropriate to the operating environment and expected cash flow of the Group. Working capital requirements are maintained within the credit facilities established and are adequate and available to the Group to meet its obligations.

Our Impact

Inadequate net working capital would lead to unnecessary financing costs to the bottom line.

Our Response

To measure liquidity risk, the Company closely monitors its net operating cash flow, maintains a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

Credit Risk**Our Concern**

The Group, has no significant concentration on credit risk exposure to sales and trade with any single counter party.

Our Impact

Possibility of incurring bad and doubtful debts and cost increases.

Our Response

Group credit exposure is closely monitored. Credit given is reviewed within the pre-determined approval procedures and contractual agreements made for long-term & high value transactions.

Risk Management

Product Risk Management

Our Concern

Our core business operations, of building ships, repairing ships, offshore and heavy engineering, is to acceptable quality and to international standards. As such, we have to align ourselves continually with new technological developments and other requirements, rules and regulations, for our products to be marketable and services acceptable.

Our Impact

Failure and non-compliance of above factors would immediately lead to changing the market preference.

Our Response

To mitigate the potential risk, we have adopted a quality assurance approach, which ensures required levels of quality in our products and services: through the ISO 9001- 2015 Quality Management System, certified by Lloyd's Register of Quality Assurance. Further, all our products and services are strictly subject to the approval and certification by Classification Societies, such as

- Det Norske Veritas-Germanischer
- Lloyd of Shipping (DNV-GL)
- Indian Register of Shipping
- American Bureau of Shipping
- Lloyd's Register of Shipping Ltd.
- Bureau Veritas
- Class NK

Moreover, Product & Technological Innovation is given high priority and relevant employees are trained overseas to remain competitive in an evolving market.

SHAREHOLDER INFORMATION

OUR SHAREHOLDERS

Colombo Dockyard PLC (CDPLC) takes a proactive approach in reaching out to its institutional and retail shareholders, by providing shareholders access to management and adopting a policy of regular, fair, timely and open communications with investors, the Group aims to improve the investing community's understanding of its business and strategies.

INVESTOR COMMUNICATION

The Group's investor relationship is an important and integral part of its commitment to high standards of corporate governance and transparency. The Legal Consultant/Company Secretary has been dedicatedly assigned to maintain long-term relationships with the investors and analysts and address their queries on the Group's business activities. CDPLC is committed to have a proper communication with its shareholders and other investors too. Thus, during the year 2019 the Company continued to provide, timely, accurate disclosures like quarterly financial announcements, press releases and interviews with media, publication of the Annual Report etc. Encouraging the full participation of shareholders at the Annual General Meeting (AGM) adequate notice is given together with the Annual Report enabling them to prepare in advance. Further, the company is very much concerned about its statutory commitments to society.

Thus, the Company audited the Financial Statement and Balance Sheet for the year 31st December 2019 has been made available to CSE as per the Circular no 06-05-2020.

FINANCIAL PERFORMANCE

During the year under review, the Company achieved total revenue of Rs. 10,145.5 Mn (2018 - Rs. 13,169 Mn) and net loss of Rs. 1,935.4 Mn. (2018 - Net Profit Rs. 144.6 Mn) leaving the shareholders' value with Rs. 6,825.9 Mn (2018 - Rs. 8,967.4 Mn).

DIVIDEND APPROVED

No Dividend has been approved for the financial year end 2019.12.31 (2018 - Rs. 1.50) considering the net loss recorded for the year 2019

DIVIDEND PAY OUT RATIO

As per Colombo Stock Exchange Listing Rule No: 7.6 (xi), Company Dividend Payout Ratio was zero during 2019 (2018 : -74%).

FINANCIAL REPORTING

CDPLC is committed to adopting the best practices in financial reporting for both quarterly and annual financial performances to the shareholders.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2019	2018
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Revenue	3,204	1,918	2,157	2,866	10,145	13,169
Gross Profit/(Loss)	339	(732)	21	478	106	877
Profit/(Loss) after tax	(271)	(1,110)	(390)	(164)	(1,935)	145
Shareholders' Fund	8,614	7,463	7,091	6,970	6,825	8,967
Total Assets	16,555	15,509	15,071	14,577	14,626	15,053

SHAREHOLDERS INFORMATION

Share Capital

	2019-12-31	2018-12-31
Stated Capital Rs.	718,589,242	718,589,242
Number of Shares	71,858,924	71,858,924
Number of Shareholders	5,178	5,008
Voting Rights	1 Vote per Share	1 Vote per Share
Class of Shares	Ordinary Share	Ordinary Share

Shareholder Information

DISTRIBUTING OF SHAREHOLDING AS AT 31ST DECEMBER 2019

(As per Rule No: 7.6 (x) of the Listing Rules of the Colombo Stock Exchange)

From	To	No of Share Holders	No of Shares	%
1	1,000	4,054	698,324	0.97
1,001	10,000	971	3,130,740	4.36
10,001	100,000	130	3,794,957	5.28
100,001	1,000,000	16	3,578,119	4.98
1,000,001 above		7	60,656,784	84.41
Total		5,178	71,858,924	100.00

LIST OF LARGEST 20 SHAREHOLDERS AS AT 31ST DECEMBER 2019

(As per Rule No: 7.6 (iii) of Listing Rules of the Colombo Stock Exchange, twenty largest shareholders:

	Name	2019-12-31	%	2018-12-31	%
1	Onomichi Dockyard Company Ltd	36,648,051	51.000	36,648,051	51.000
2	Employees Provident Fund	11,744,009	16.343	11,744,009	16.343
3	Sri Lanka Insurance Corporation Ltd - General Fund	3,592,998	5.000	3,592,998	5.000
4	Sri Lanka Insurance Corporation Ltd - Life-Fund	3,536,548	4.922	3,536,548	4.922
5	Sri Lanka Ports Authority	2,186,191	3.042	2,186,191	3.042
6	Employees Trust Fund Board	1,736,660	2.417	1,736,660	2.417
7	National Savings Bank	1,212,327	1.687	1,234,706	1.718
8	Bank of Ceylon No. 1 Account	897,625	1.249	897,622	1.249
9	Bank of Ceylon No. 2 Account	335,900	0.467	335,900	0.467
10	Star Packaging (Pvt) Ltd	235,000	0.327	235,000	0.327
11	Lanka Milk Foods (CWE) Limited	219,948	0.306	219,948	0.306
12	Harnam Holdings SDN BHD	210,026	0.292	150,026	0.209
13	Mr B.D.J.C Suchendra	204,500	0.285	-	-
14	Associated Electrical Corporation Ltd	200,210	0.279	175,210	0.244
15	Mr. S M B Obeysekera and Mrs. C N Obeysekera	200,000	0.278	200,000	0.278
16	E.W.Balasuriya & Co (Pvt) Ltd	165,123	0.230	165,123	0.230
17	DFCC Bank PLC A/C 1	160,000	0.223	160,000	0.223
18	Asha Financial Services Ltd/Ms H.C Kalansooriya	151,500	0.211	-	-
19	Sri Lanka Export Development Board	138,760	0.193	-	-
20	Confifi Management Services (Private) Ltd	131,250	0.183	-	-

COMPOSITION OF SHAREHOLDING

The total number of shareholders of CDPLC is 5,178 as at 31st December 2019, which is 3.39% increase compared to 5,008 as at 31st December 2018.

Category	No of Shareholders	No of Shares	%
Local Individuals	4,884	6,171,731	8.59
Local Institutions	211	28,115,230	39.12
Foreign Individuals	74	486,969	0.68
Foreign Institutions	9	37,084,994	51.61
Total	5,178	71,858,924	100.00

MARKET VALUE PER SHARE

As per Rule No: 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange, at the end of the year 2019, the share price of Colombo Dockyard PLC recorded a positive growth of 11.5% (Rs.6.4) compare to the previous year's closing price.

Market price per Share	As at 2019-12-31	As at 2018-12-31
Highest during the year	68.00 (29/11/2019)	93.50 (02/01/2018)
Lowest during the year	47.90 (21/05/2019)	50.50 (25/09/2018)
As at end of the year	62.00	55.60 (31/12/2018)

MARKET CAPITALIZATION

CDPLC has recorded its market capitalization as at the balance sheet date of 31st December 2019 as Rs. 4,455.2Mn. (2018 - Rs. 3,995.3 Mn.). CDPLC represent 0.16% (2018 - 0.14%) of the total market capitalization.

Shares Trading	As at 31-12-2019	As at 31-12-2018
No of Transaction	3,425	1,835
No of Shares traded	2,448,521	972,891
Value of Share traded (Rs.)	136,663,505.70	69,676,041.20

EARNINGS PER SHARE

The Earning per share (EPS) of (Rs. 26.93) in the year 2019 recorded a decline of 1439% compare to the last year EPS value of Rs. 2.01. EPS is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The level of Stakeholder Satisfaction is the yardstick of our future sustainability. Thus Economic Progress, Environmental Concern, Customer and Supplier Relations, and Social Inclusiveness are our main business concerns.

PUBLIC SHAREHOLDING

As per Rule No: 7.6 (iv) of the Colombo Stock Exchange, percentage of shares held by the Public as at December 2019 is 48.94% (2018 - 48.94%). Number of shareholders as at 31st December 2019 was 5,178.

FLOAT ADJUSTED MARKET CAPITALIZATION

The float adjusted market capitalization as at 31st December 2019 was Rs. 2,180,499,823.97/- with reference to rule no. 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange.

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FINANCIAL CALENDER 2019/2020

2019		
Approval of Financial Statements	26th February	2019
Interim Report - 4th Quarter-2018	28th February	2019
Dispatch of Annual Report - 2018	05th March	2019
Ex-Dividend Date	08th March	2019
Payment of Dividend	19th March	2019
36th Annual General Meeting - 2018	26th March	2019
Interim Report - 1st Quarter-2019	15th May	2019
Interim Report - 2nd Quarter-2019	15th August	2019
Interim Report - 3rd Quarter-2019	15th November	2019
Financial Year-end	31st December	2019

2020		
Approval of Financial Statements 2019	04th August	2020
Interim Report - 4th Quarter-2019	28th February	2020
Dispatch of Annual Report - 2019	04th August	2020
Ex-Dividend Date	-	2020
Payment of Dividend	-	2020
37th Annual General Meeting - 2019	25th August	2020
Interim Report - 1st Quarter-2020	04th August	2020
Interim Report - 2nd Quarter-2020	15th August	2020
Interim Report - 3rd Quarter-2020	15th November	2020
Financial Year-end	31st December	2020

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors present their report to the members together with the audited Financial Statements of Colombo Dockyard PLC and Consolidated Financial Statements of the group for the year ended 31st December 2019, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Financial Statements were accepted and approved by the Board of Directors on 04th August 2020. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

REVIEW OF BUSINESS

A review of the operation of the Company during the financial year and results of those operations and future developments are stated in the Chairman's Review on page 08 to 10 and Managing Director/CEO's Review on page 11 to 13 in this Annual Report. These reports form an integral part of the Report of the Directors'.

FUTURE DEVELOPMENTS

An overview of the future prospects of the Company is covered in the Chairman's Review (page 08 to 10), and the Managing Director/CEO's Review (page 11 to 13).

FINANCIAL STATEMENTS

The Financial Statement of the Company and the Group for the year ended 31st December 2019 are duly certified by the Chief Financial Officer and approved by two Directors together with the Company Secretary in complying with the Companies Act No. 07 of 2007 are given on page 50 to 102 of this Annual Report.

AUDITORS' REPORT

Company Auditors, KPMG, performed the audit on the Consolidated Financial Statements for the year end 31st December 2019, and the Auditors' Report issued thereon is given on page 46 to 49 of this Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007

ACCOUNTING POLICIES AND CHANGES

The Accounting Policies adopted in the preparation of Financial Statements of the Company and the Group are given on page 56 to 68 of the Annual Report as required by Section 168 (1) (d) of the Companies Act

PRINCIPAL ACTIVITIES

The principle activities of the Company and Group are presented below following the requirement by the section 168 (1) (a) of the Companies Act No. 07 of 2007. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Company Principal Business Activities

Company	Principal Business Activities
Colombo Dockyard PLC	The core business activities of the Company continued to be the ship repairs, shipbuilding, heavy engineering, and offshore engineering
Subsidiaries	
Dockyard General Engineering Services (Pvt) Ltd	To cater to the country's needs in infrastructure development in civil, mechanical and electrical engineering areas while Providing excellent opportunity for discerning clients to procure High quality products and services in compliance with the appropriate and accepted standards.
Ceylon Shipping Agency (Pte) Ltd, Singapore	Supply channel for high-tech engineering items to the parent Company as well as other clients
Dockyard Technical Services (Pvt) Ltd	Provide skilled technical services

GOING CONCERN

The Board of Directors are satisfied that the Company has the adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the Going Concern Basis.

GROSS INCOME

The revenue of the Group during the year was Rs. 11,631 Mn (2018 - Rs. 14,946 Mn), while the Company's revenue was Rs. 10,145 Mn (2018 - Rs. 13,169) Mn. Analysis of the revenue is given in Note 05 to the Financial Statement on pages 69 to 70 of this Annual Report.

Profit for the year:	2019 Rs'000	2018 Rs'000
Group post - tax profit/(loss)	(1,677,047)	337,475
Amount attributable to Minority Interest	(4025)	(5,875)
Profit/(loss) attributable to the Shareholders of Colombo Dockyard PLC	(1,681,072)	331,600
Other Comprehensive Income	(3,060)	33,610
Retained Profit B/F	9,391,113	9,133,691
Available for sales of financial assets	-	-
Dividends Paid -	(107,788)	(107,788)
Retained Profit C/F	7,599,193	9,391,113

RESERVES

Total Group Retained Earning Reserves at 31st December 2019, was amounted to Rs. 7,599 Mn (2018 - Rs. 9,391 Mn). The movements of the Reserves during the year are shown in the Statements of Changes in Equity on pages 52 to 53 on this Annual Report

TAXATION

It is the Company policy to provide for deferred taxation based on the liability method, on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Further details are given in taxation note 09 on page 72

DIVIDENDS

No dividend has been declared for the year ended 31st December 2019 (2018 - Rs. 1.50).

As provided in the Articles of Association of the Company, the Directors may from time to time approve the payment of dividends, whether interim or final, without the need for approval by an ordinary resolution of the shareholders, provided always however that the same is from and out of the profits of the Company as determined by reference to the statute and as acceptable accounting practices

At the balance sheet date, the Company was solvent and the net current assets was Rs. 2,701 Mn (2018 - Rs. 5,065 Mn) and the value of the Company's assets less liabilities and stated capital was Rs. 6,111 Mn (2017 - Rs. 8,253 Mn).

The Loss of the company attributable to the equity holders of the company was Rs. 1,935.4 Mn (2018 -Profit Rs. 144.6 Mn).

SHAREHOLDER INFORMATION

Information relating to earnings, dividends, and net assets per share and market value per share is given in from pages 33 to 35.

PROPERTY, PLANT & EQUIPMENT

The Group's total capital expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 754 Mn (2018 - Rs. 770 Mn). The extent of the freehold lands held by the Group as at the balance sheet date is 1,103.7 perch (2018 - 1,103.7 perch) recorded at cost. The details of Property, plant and equipment are given in Note 11 to the Financial Statements on page 76.

MARKET VALUE OF FREEHOLD PROPERTIES

The net book value of freehold properties owned by the Group as at 31st December 2019 is included in the accounts at Rs. 4,547 Mn (2018 - Rs. 4,247 Mn). An Independent Chartered Valuer/ Licensed Surveyors carried out a market value assessment of the Group's freehold lands as at 31st December 2017. The details of freehold lands owned by the Group are given in Note 11 of the financial statement.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, confirmed that all payments in respect of statutory liabilities to Employees and the Government have been made within the stipulated period during the financial year 2019.

Annual Report of The Board of Directors on the Affairs of the Company

PENDING LITIGATION

In the opinion of the Directors and the Company Lawyer, pending litigation against the Company is disclosed in Note 35 of the Financial Statements and will not have a material impact on the financial position of the Company or its future operations.

CORPORATE DONATIONS

Total donations made by the group during the year was amounted to Rs. 384,000/- (2018 - Rs. 242,500/-) in terms of the resolution passed at the last Annual General Meeting.

COMPANY RECORDS

The Directors have disclosed the nature and extent of their relevant interest in shares issued by the Company and interest in transactions or proposed transactions with the Company during the subject accounting period, to the Board of the Company and such information has been duly entered in the Interest Register of the Company which is a part and parcel of this Annual Report and is available for public inspection under the provisions of the Act. All the Company Records that are required to maintain under the provisions of the Act are also available for public inspection.

THE DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and the Group for the year ended 31st December 2019 to reflect the true and fair view of the state of affairs. The Directors are of the view that Financial Statements, Accounting Policies and Note thereto appearing on pages 50 to 102 have been prepared in conformity with the requirement of the Sri Lanka Accounting Standards (SLFRSs/ LKASs), Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange.

THE BOARD OF DIRECTORS

The Board of Directors of the Company consist of Nine (2018- 9) Directors with a wide range of Engineering, Financial, Legal and Commercial knowledge and experience. The following Directors held office as at the Balance Sheet date and their profiles appear on pages 14 to 16 of this Annual Report.

EXECUTIVE DIRECTORS

Mr. H. Tanaka - Chairman
Mr. D. V. Abeysinghe - Managing Director/CEO
Mr. K. Kanaya

NON-EXECUTIVE DIRECTORS

Mr. Sarath De Costa - Vice Chairman
Mr. T. Nakabe
Mr. Lalith Ganlath
Mr. H. A. R. K. Wickramathilake
Mr. M. S. Abdul Wadood
Mr. H.A. Karunaratne
Mr. Y. Saki - Alternate Director

DIRECTORATE

The Board of Directors of Colombo Dockyard PLC as at the date of report are given on page 14 of the Annual Report. The change in the directorate from the date of the last report to this report is as follows,

- Dr. Toru Takehara who was nominated and appointed as a Nominee Director of Onomichi Dockyard Co., Ltd., Japan (as Chairman) on 1st September 2014 retired immediately after the Annual General Meeting of the Company held on 26th March 2019 and Mr. Hideaki Tanaka was nominated and appointed as a Nominee Director of Onomichi Dockyard Co. Limited as the Chairman in place of Dr. T. Takehara with effect from 26th March 2019 in terms of the Articles of Association of the Company.

- Mr. K. Utsumi who was appointed as a Nominee Director of Onomichi Dockyard Co., Ltd., Japan resigned on 26th March 2019 immediately after the Annual General Meeting of the Company held on 26th March 2019 and Mr. Kumpei Kanaya was appointed in place of Mr. Utsumi with effect from 26th March 2019.
- Mr. K. Kanaya who was also appointed as an Alternate Director to Mr. T. Nakabe on 11st January 2018 resigned on 05th April 2019 and Mr. Y. Saki was appointed in place of Mr. K. Kanaya as his Alternate Director with effect from 05th April 2019.

In terms of Article 87, Messrs. Lalith Ganlath and H. A. R. K. Wickramathilake, who retire at the close of the Annual General Meeting, being eligible for re-election, have offered themselves for re-election.

The Nominee Directors of Onomichi Dockyard Company Limited namely Mr. Hideaki Tanaka, Mr. Sarath de Costa, Mr. D.V. Abeysinghe, Mr. T. Nakabe and Mr. K Kanaya and the Nominee Directors of Employees Provident Fund and Sri Lanka Insurance Corporation Ltd namely Mr. H A Karunaratne and Mr. M.S.A. Wadood respectively continue to hold office.

BOARD SUB-COMMITTEES

The Board of Directors have formed three Board subcommittees and attendances is given in page 24 to 28 under Corporate Governance of this Annual Report.

DIRECTOR'S SHARE HOLDINGS

The Directors' and their spouses' holding of number of ordinary shares of the Company as at 31st December 2019:

	2019-12-31	2018-12-31
D. V Abeysinghe	733	733
L. Ganlath	578	578
H. A. R. K. Wickramathilake	1,103	1,103
M. S. Abdul Wadood	231	231

INTEREST REGISTER

The Interest Register is maintained by the Company as required under the Companies Act No. 07 of 2007 and Declarations made by all Directors during the year under review have been duly entered as required.

HUMAN RESOURCES

The Company continued to invest in Human Capital Development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned with corporate objectives and to ensure that its employees are developing the skills and knowledge required for future success of the Company. CDPLC training center is accredited by the Tertiary & Vocational Education Commission (TVEC) as A+ training center and we are providing training facility to NAITA, VTA, ATI, CGTTI, CINEC, NDT, COT and local and foreign university students etc. Annually we contribute approximately 450 qualified craftsmanship trainees (welder, fabricator, machinist, electrician etc.) to the nation. We comply with National Vocational Qualification (NVQ) framework and we develop internationally competitive workforce in CDPLC through NVQ framework. We introduced 5S methodology to the organization to develop clean and systematic working environment and it will be concluded at the end of March 2019.

ENVIRONMENTAL PROTECTION

The Company and Group, to the best of its knowledge have not engaged in activity, which is detrimental to the environment.

Following a satisfactory Technical Review, Colombo Dockyard PLC has been approved by LRQA (Lloyd's Register Quality Assurance Limited) as meeting the requirements of ISO 14001:2015 (Environmental Management System – EMS) to the scope detailed on the approved certificate.

DIRECTORS' INTEREST IN CONTRACTS AND RELATED PARTY TRANSACTIONS

Directors' interest in contracts of the Company is disclosed in Note 37 to the Financial Statement on page 99, and has been declared at meetings of the Directors and entered in the Interest Register of the Company. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

DIRECTORS' MEETINGS

Details of Directors' meetings which comprise of Board Meetings, and Board sub Committee meetings of the Audit Committee, Remuneration Committees and Related Party Transaction Review Committees are presented on pages 24 to 28 this Annual Report.

CORPORATE GOVERNANCE

The Board of Directors of the Company have acknowledged the adoption of good governance practices; an essential factor in today's corporate culture. The policies followed by the Company are explained in the Corporate Governance Statement on page 24 of this Annual Report. The Company confirms the compliance with the Corporate Governance Rules of the Colombo Stock Exchange as at the date of this Annual Report.

SUBSTANTIAL SHARE HOLDINGS

The twenty major shareholders of the Company and the percentage held by each as at 31st December 2019 are given on page 34 of this report.

CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingencies or commitments other than those disclosed in the Note 35 to the Financial Statements.

Annual Report of The Board of Directors on the Affairs of the Company

GROUP EMPLOYMENT

The number of persons employed by Colombo Dockyard PLC and its Subsidiaries as at 31st December 2019 was as follows:

	2019-12-31	2018-12-31
Group	1,598	1,596
Colombo Dockyard PLC	1,512	1,549

EVENTS AFTER THE REPORTING PERIOD

Please refer Note 39 for circumstances have arisen during the period between the Balance Sheet date and Directors signing of Accounts, that require disclosure or adjustment to the Financial Statements together with those disclosed in the Note 38 to the Financial Statements on page 102 of this Annual Report.

ANNUAL GENERAL MEETING

The Annual General Meeting of Colombo Dockyard PLC, will be held at the Grand Ballroom, Galadari Hotel, No. 64, Lotus Road, Colombo 01, Sri Lanka at 10.00am. on the 25th August 2020. The Notice to the Annual General Meeting is given on page 104.

AUDITORS

In accordance with the Companies Act No. 07 of 2007, resolution proposing the reappointment of Messrs. KPMG Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

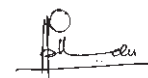
For and on behalf of the Board, Colombo Dockyard PLC



Hideaki Tanaka
Chairman



D. V. Abeyasinghe
Managing Director/CEO



Manori Mallikarachchi
Company Secretary/Legal Consultant

4th August 2020
Colombo, Sri Lanka

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Adoption of the Code of Best Practices on Related Party Transactions

THE COMMITTEE & ITS COMPOSITION

The Company constituted the Related Party Transactions Review Committee (the Committee) as a Board Sub Committee with effect from 1st January 2016, to review "Related Party Transactions". The scope of the Committee covers the requirements of the Code of Best Practices on Related Party Transactions ("the Code") issued by the Securities and Exchange Commission of Sri Lanka (SEC).

The Composition of the Committee is as follows:

Mr. H. A. R. K. Wickramathilake
-*Chairman*
Mr. Lalith Ganlath
Mr. Sarath De Costa
Mr. D. V. Abeysinghe - (MD/CEO)

The Committee is assisted by the following Key Management Personnel (KMPs) of the Company who attend sittings on a regular basis.

Mr. P. D. Gihan Ravinatha -
Chief Financial Officer
Ms. Manori P. Mallikarachchi -
Company Secretary

In addition, the Committee summoned other relevant officials of the Company to participate in the committee proceedings when required.

TERMS OF REFERENCE AND SCOPE OF OPERATIONS

The Committee operates in accordance with the guidelines set by the board of directors on monitoring Related Party Transactions.

The principal functions of the Committee are the scrutiny of all Related Party Transactions with Directors, Key Management Personnel (KMPs), substantial shareholders, Subsidiaries and Associate Companies of the Company and such other related parties as defined in the Code with a view to determining that they have not received any favorable nor preferential consideration vis a vis the other shareholders and customers of the Company as well as to ascertain that their transactions and dealings are in strict conformity with statutory and regulatory requirements which the Company is obliged to adhere to. The Committee relies on the integrity of periodically reportable Related Party Transactions data sourced via a comprehensive list of Related Parties based on latest available Declarations, signed off by the responsible Directors/ KMPs. This review is carried out by comparing Related Party Transactions with benchmarked criteria applicable for comparable Non Related Party Transactions, to determine that Related Parties have not received any favorable nor preferential consideration. Wherever necessary, the Committee resorts to obtaining legal, financial & technical advice from competent authorities in such fields, to review transactions. Further the Committee has the right of access as well as the power to call for clarification and explanation from Management & Auditors (External & Internal). In addition, the Committee will share information with the Board Audit Committee as necessary and appropriate to facilitate the Audit Committee to conduct its Statutory & Regulatory responsibilities with regard to Related Party Transactions

MEETINGS


Meetings are held mandatory, during 2019, 03 such meetings were held and the minutes were circulated to the Board of Directors for their information and review. In the opinion of the Committee there were no transactions with the related parties that were more favorable or preferential during the period under review and the Company had been compliant with the Code. Attendance details are given in the page 27.

SELF-APPRAISAL OF COMMITTEE FUNCTIONS

A self-evaluation of the effectiveness of the Committee was conducted by the Chairman of the Committee with contributions from the individual assessments by the members of the committee, Managing Director/ CEO, participating KMPs referred to at the outset of this Report and the review concluded that the Committee continues to operate effectively

REVIEW OF TOR

The TOR/Policy on "Related Party" Transactions is subject to periodic review based on regulatory as well as operational requirements.



H. A. R. K. Wickramathilake
Chairman - Related Party Transaction Review Committee

Colombo, Sri Lanka
4th August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible to ensure compliance with the provisions of the Companies Act No 07 of 2007 and applicable laws and other regulations in preparing the Company's and Group Financial Statements. The Directors are equally responsible to maintain accounting records of the Company and its subsidiaries, with reasonable accuracy to disclose the financial position. The Directors accept the responsibility for the integrity and objectivity of the Financial Statements presented and also confirms compliance in preparing each of the Group and Company's Financial Statements, which are based on:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRSs/ LKAs).
- Appropriate accounting policies selected and applied consistently.
- Estimates and judgments relating to the Financial Statements made on a prudent and reasonable basis to reflect the true and fair view of the Financial Statements.
- Required information by the Listing Rules of the Colombo Stock Exchange

STOCK EXCHANGE

Further, the Board of Directors wishes to confirm that the Company has met all the requirements under the Section 07 Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. Company has taken proper and sufficient internal controls and accounting records for safeguarding assets. The applications of the internal controls are monitored through a independent Financial & Management System Review Team contracted with B. R. De Silva & Co, Chartered

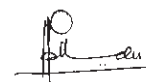
Accountants. The Board also wishes to confirm that, as required by the Section 166(1) and 167(1) of the Company Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent every shareholder of the Company, who have expressed their desire to receive a hard copy or to other shareholders a soft copy in a CD containing the Annual Report within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) and according to the circular no 06-05-2020 on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. Company external auditors Messrs KPMG, appointed in accordance with the resolution passed at the last Annual General Meeting were provided with free access to undertake required inspection they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, given on page 46, set out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues and payable by the Company and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant except as specified in Note No. 35 to the Financial Statements on Contingent Liabilities on page 98. The Directors further confirm that after considering the Company's financial position, operational conditions, market environment, regulatory and

other factors, the Directors have reasonable expectation that the Company and its subsidiaries possess adequate resources to continue in operation for the foreseeable future adopting the Going Concern basis in preparing the Financial Statements. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board



Manori P. Mallikarachchi
Company Secretary

04th August 2020
Colombo, Sri Lanka

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Colombo Dockyard PLC (Company) and the Consolidated Financial Statements of the Company and its Subsidiaries (Group) as at 31st December 2019 are prepared and presented in compliance with the following:

- Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka,
- Sri Lanka Accounting and Auditing Standards Act No: 15 of 1995,
- Companies Act No. 07 of 2007,
- Code of Best Practices on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka,
- Listing Rules of the Colombo Stock Exchange, and
- Other applicable statutes to the extent applicable to the affairs of the Company/Group.

There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are most appropriate and are consistently applied.

The Board of Directors and the management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. In order to ensure such compliance,

the Company has taken proper and adequate interest in enabling internal controls and maintaining accounting records, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. The Internal Audit function of the Company is carried out by the Internal Audit Team (Financial & System Review) provided by the, B R De Silva & Co., Chartered Accountants, who reports their findings directly to the Managing Director/CEO. All audit activities have been conducted periodically to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

The Financial Statements were audited by Messrs KPMG Chartered Accountants, the Company's External Auditors.

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

It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

We confirm that:

- the Company and its Subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non compliances; and
- there are no material litigations that are pending against the Group other than those disclosed in the Note No. 35 to the Financial Statements in the Annual Report.



D. V. Abeyasinghe
Managing Director/CEO



P. D. Gihan Ravinatha
Chief Financial Officer

4th August 2020
Colombo, Sri Lanka

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
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Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF COLOMBO DOCKYARD PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Colombo Dockyard PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 50 to 102 of this Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

M.R. Mihula FCA	P.V.S. Perera FCA	C.P. Jayatilaka FCA
T.J.S. Rajapakse FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Mr. S.M.B. Jayasekera ACA	W.K.D.C. Abeyaratne FCA	S.T.D.L. Perera FCA
G.A.U. Kumaratne FCA	R.M.D.B. Rajapaksa FCA	Mr. B.K.D.T.N. Rodrigo FCA
R.H. Rajat FCA	M.N.M. Shanmugan ACA	Mr. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		

Principals - S.R.L. Perera FCMA(UG), LL.B. Attorney-at-Law, H.S. Goonesinghe ACA, Ms. P.M.K. Subasinghe FCA



01. Revenue recognition on ship construction contracts	
Refer Note 5 to the financial statements	
Risk Description	Our Response
<p>A major component of the Group's revenue comprise of revenue from ship construction contracts amounting to Rs. 4,266 Mn. for the year ended 31 December 2019.</p> <p>The stage of completion on ship construction contracts was measured with reference to the proportion of the contract cost incurred for work performed at each reporting date against the estimated total contract cost.</p> <p>We considered the estimations made by the management relating to the stage of completion as a key audit matter because there is a high degree of risk and associated management judgment in estimating the amount of revenue and associated profit to be recognised by the Group up to the reporting date and changes to these estimates could give rise to material variances.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> • Understanding whether the management's process of recognising revenue is in line with the requirements of SLFRS 15 – Revenue from Contracts with Customers. • For actual cost incurred by the Company used in the determination of the stage of completion, we checked, on a sample basis, contracts, invoices, project status reports and other relevant correspondence to evaluate the reasonableness of the same. • Analysing the expected costs to complete estimated by the company in the determination of the stage of completion, by challenging the appropriateness of the estimations made. • Inspecting a sample of project budgets, contract agreements with customers and subcontractors to identify key terms and assessing whether these key terms have been appropriately reflected in the amounts recognised in the financial statements. • Assessing the adequacy of the disclosures in respect of contract accounting and the key risks relating to Financial Statements.
02. Recoverability of deferred tax asset	
Refer Note 17 to the financial statements	
Risk Description	Our Response
<p>The Group has recognised deferred tax assets amounting to Rs. 159 Mn on temporary differences which includes accumulated tax losses of Rs. 2,721 Mn. as at 31 December 2019. The recoverability of recognized deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilized deductible temporary differences and tax losses.</p> <p>We identified the recognition of deferred tax assets as a key audit matter due to the inherent uncertainty in forecasting the amount of timing of future taxable profits and the reversal of temporary difference which could be subject to error or potential management bias.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> • Evaluating the assumptions and judgements exercised by management in respect of the forecasts of future taxable profits, tax losses expiry dates by comparing the assumptions adopted by management with our understanding of the Group's business and the industry in which the Group operates. • Evaluating the key assumptions underpinning the Group's financial projections against historical performance and estimates. • Assessing whether the Group's disclosures in the financial statements of the application of judgement in estimating recognized and unrecognized deferred tax asset balances appropriately reflect the Group's deferred tax position with reference to the requirements of the prevailing accounting standards.

Independent Auditors' Report



Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our Auditors' report thereon.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements in accordance with Code of Ethics regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

A handwritten signature in blue ink, appearing to be 'K. M. M.', written over a horizontal line.

Chartered Accountants
Colombo, Sri Lanka

04 August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


For the year ended 31 December,	Note	Group		Company	
		2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Revenue	5	11,631,547	14,946,583	10,145,550	13,169,000
Cost of sales		(11,023,136)	(13,602,250)	(10,038,764)	(12,292,132)
Gross profit		608,411	1,344,333	106,786	876,868
Other income	6	164,744	1,024,141	166,354	1,060,224
Distribution expenses		(67,515)	(29,429)	(57,914)	(20,185)
Administrative expenses		(2,332,671)	(2,187,751)	(2,076,358)	(1,967,067)
Other operating income / (expenses)		(141,598)	1,095	(141,598)	1,095
Net finance income	7	292,390	308,500	190,392	220,631
Profit / (loss) before tax	8	(1,476,239)	460,889	(1,812,338)	171,566
Income tax expenses	9	(200,808)	(123,414)	(123,150)	(26,909)
Profit / (loss) for the year		(1,677,047)	337,475	(1,935,488)	144,657
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gains / (losses)		(3,325)	37,307	(4,761)	33,968
Tax on other comprehensive income		265	(3,697)	667	(2,762)
Fair value change of instruments valued at FVOCI		39	1,790	39	1,790
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations		1,223	21,967	-	-
Cash flow hedges - effective portion of changes in fair value		(94,180)	74,833	(94,180)	74,833
Other comprehensive income for the year, net of tax		(95,978)	132,200	(98,235)	107,829
Total comprehensive Income for the year		(1,773,025)	469,675	(2,033,723)	252,486
Profits / (losses) attributable to:					
Owners of the company		(1,681,072)	331,600	(1,935,488)	144,657
Non - controlling interests		4,025	5,875	-	-
Profit / (loss) for the year		(1,677,047)	337,475	(1,935,488)	144,657
Total comprehensive income attributable to:					
Owners of the company		(1,777,649)	453,036	(2,033,723)	252,486
Non - controlling interests		4,624	16,639	-	-
Total comprehensive income for the year		(1,773,025)	469,675	(2,033,723)	252,486
Earnings per share (Rs.)	10.1	(23.39)	4.61	(26.93)	2.01

The accounting policies and explanatory notes from pages 56 to 102 form an integral part of these financial statements. Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 December,	Note	Group		Company	
		2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
ASSETS					
Non current assets					
Property, plant and equipment	11	4,546,651	4,246,805	4,230,855	4,048,756
Investment property	12	-	-	2,865	2,865
Intangible assets	13	1,175	11,233	101	9,677
Right - of - use asset	14.1	232,910	-	185,354	-
Investment in subsidiaries	15	-	-	5,949	4,747
Investments classified as fair value through OCI	16.1	18,020	17,981	18,020	17,981
Deferred tax asset	17.1	158,989	125,088	151,872	125,088
Other financial assets including derivatives	20	671,919	549,117	556,771	534,837
		5,629,664	4,950,224	5,151,787	4,743,951
Current assets					
Inventories	18	712,862	821,934	504,710	702,603
Trade and other receivables	19	5,542,167	5,823,456	4,585,666	5,103,343
Other financial assets including derivatives	20	566,068	243,155	313,481	241,473
Amounts due from related parties	21	-	-	83,933	147,238
Investments classified as fair value through profit or loss	16.2	242,168	236,125	-	-
Cash and cash equivalents	22.1	4,326,918	4,914,690	3,986,477	4,115,043
		11,390,183	12,039,360	9,474,267	10,309,700
Total assets		17,019,847	16,989,584	14,626,054	15,053,651
EQUITY AND LIABILITIES					
Stated capital	23	714,396	714,396	714,396	714,396
Exchange equalization reserve	23.1	22,617	21,993	-	-
Fair value through OCI reserve	23.2	17,911	17,872	17,911	17,872
Cash flow hedge reserve	23.3	(19,347)	74,833	(19,347)	74,833
Retained earnings		7,599,193	9,391,113	6,112,961	8,160,331
Equity attributable to equity holders of the parent		8,334,770	10,220,207	6,825,921	8,967,432
Non-controlling interest		81,136	76,512	-	-
Total equity		8,415,906	10,296,719	6,825,921	8,967,432
Non current liabilities					
Lease liability	14.2	198,069	-	166,921	-
Deferred tax liability	17.2	-	12,561	-	-
Employee benefits	26	883,069	859,965	860,410	841,832
		1,081,138	872,526	1,027,331	841,832
Current liabilities					
Interest bearing borrowings	24	3,670,553	2,712,300	3,670,553	2,712,300
Other financial liabilities including derivatives	25	-	-	1,203	930
Trade and other payables	27	3,714,381	3,008,839	2,855,447	2,351,434
Lease liability	14.2	29,030	-	17,704	-
Amounts due to related parties	28	-	-	211,145	164,571
Income tax payable	29	82,031	83,968	-	-
Dividend payable	30	11,365	15,152	11,365	15,152
Bank overdrafts	22.2	15,443	80	5,385	-
		7,522,803	5,820,339	6,772,802	5,244,387
Total equity and liabilities		17,019,847	16,989,584	14,626,054	15,053,651

The accounting policies and explanatory notes from pages 56 to 102 form an integral part of these financial statements. These financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



P.D. Gihan Ravinatha
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board of Directors of Colombo Dockyard PLC.



H. Tanaka
Chairman



D.V. Abeyasinghe
Managing Director/CEO



Manori P. Mallikarachchi
Company Secretary

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of parent						Total	Non-Controlling Interest	Total equity
	Stated Capital	Retained Earnings	Fair Value Through OCI Reserve	Exchange Equalization Reserve	Cash Flow Hedge Reserve				
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)			
Balance as at 01 January 2018, as previously reported	714,396	9,149,286	16,082	10,790	-	9,890,554	59,873	9,950,427	
Adjustment on initial application of SLFRS 9	-	(15,595)	-	-	-	(15,595)	-	(15,595)	
Adjusted balance as at 01 January 2018	714,396	9,133,691	16,082	10,790	-	9,874,959	59,873	9,934,832	
Total comprehensive income for the year									
Profit for the year	-	331,600	-	-	-	331,600	5,875	337,475	
Other comprehensive income									
- Actuarial gain/(loss) on retirement benefit obligations	-	37,307	-	-	-	37,307	-	37,307	
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	(3,697)	-	-	-	(3,697)	-	(3,697)	
- Fair value gain/(loss) of investments valued at FVOCI	-	-	1,790	-	-	1,790	-	1,790	
- Foreign currency translation differences - foreign operations	-	-	-	11,203	-	11,203	10,764	21,967	
- Cash flow hedges - changes in fair value	-	-	-	-	74,833	74,833	-	74,833	
Transactions with owners of the company contributions by and distributions									
- Dividends paid	-	(107,788)	-	-	-	(107,788)	-	(107,788)	
Balance as at 31 December 2018	714,396	9,391,113	17,872	21,993	74,833	10,220,207	76,512	10,296,719	
Balance as at 01 January 2019	714,396	9,391,113	17,872	21,993	74,833	10,220,207	76,512	10,296,719	
Total comprehensive income for the year									
Profit for the year	-	(1,681,072)	-	-	-	(1,681,072)	4,025	(1,677,047)	
Other comprehensive income									
- Actuarial gain/(loss) on retirement benefit obligations	-	(3,325)	-	-	-	(3,325)	-	(3,325)	
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	265	-	-	-	265	-	265	
- Fair Value gain/(loss) of investments valued at FVOCI	-	-	39	-	-	39	-	39	
- Foreign currency translation differences - foreign operations	-	-	-	624	-	624	599	1,223	
- Cash flow hedges - changes in fair value	-	-	-	-	(94,180)	(94,180)	-	(94,180)	
Transactions with owners of the company contributions by and distributions									
- Dividends paid	-	(107,788)	-	-	-	(107,788)	-	(107,788)	
Balance as at 31 December 2019	714,396	7,599,193	17,911	22,617	(19,347)	8,334,770	81,136	8,415,906	

Company	Stated Capital (Rs.'000)	Retained Earnings (Rs.'000)	Fair Value Through OCI Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)	Total (Rs.'000)
Balance as at 01 January 2018	714,396	8,107,851	16,082	-	8,838,329
Adjustment on initial application of SLFRS 9	-	(15,595)	-	-	(15,595)
Adjusted balance as at 01 January 2018	714,396	8,092,256	16,082	-	8,822,734
Total comprehensive income for the year					
Profit / (loss) for the year	-	144,657	-	-	144,657
Other comprehensive income					
- Actuarial gain/(loss) on retirement benefit obligation	-	33,968	-	-	33,968
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	(2,762)	-	-	(2,762)
- Fair value gain/(loss) of investments valued at FVOCI	-	-	1,790	-	1,790
- Cash flow hedge - changes in fair value	-	-	-	74,833	74,833
Transactions with owners of the company Contributions by and distributions					
- Dividends paid	-	(107,788)	-	-	(107,788)
Balance as at 31 December 2018	714,396	8,160,331	17,872	74,833	8,967,432
Balance as at 01 January 2019	714,396	8,160,331	17,872	74,833	8,967,432
Total comprehensive income for the year					
Profit / (loss) for the year	-	(1,935,488)	-	-	(1,935,488)
Other comprehensive income					
- Actuarial gain/(loss) on retirement benefit obligation	-	(4,761)	-	-	(4,761)
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	667	-	-	667
- Fair value gain/(loss) of investments valued at FVOCI	-	-	39	-	39
- Cash flow hedge - changes in fair value	-	-	-	(94,180)	(94,180)
Transactions with owners of the company Contributions by and distributions					
- Dividends paid	-	(107,788)	-	-	(107,788)
Balance as at 31 December 2019	714,396	6,112,961	17,911	(19,347)	6,825,921

The accounting policies and explanatory notes on pages 56 to 102 form an integral part of these financial statements.

(Figures in brackets indicate deductions)

STATEMENT OF CASH FLOW

For the year ended 31 December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Cash flow from operating activities				
Profit/(loss) before tax	(1,476,239)	460,889	(1,812,338)	171,566
Adjustments for,				
Depreciation of property, plant and equipment	481,476	432,759	445,296	406,880
Amortization of intangible assets	10,058	13,806	9,576	13,209
Impairment of property, plant and equipment	-	2,473	-	-
Provision for retirement benefit obligations (excluding actuarial gains/losses)	152,604	150,896	146,642	145,465
Provision for bad and doubtful debts	2,467	75,765	9,109	68,636
Provision for/(reversal) of obsolete stocks	23,821	(7,566)	20,625	(1,083)
(Profit)/loss on disposal of property, plant and equipment	(9,455)	(1,610)	(9,046)	(1,608)
Provision for warranty	72,145	37,368	58,540	17,210
Foreign exchange (gain)/loss (unrealized)	(74,402)	357,678	(74,402)	357,678
Gain on cash flow hedge	(2,361)	-	(2,361)	-
Net change in fair value of financial instruments	(53,332)	(47,417)	(31,248)	(19,573)
Bad debts written off	-	8,153	-	-
Amortization of corporate guarantees	-	-	(1,203)	(675)
Interest expense on lease	27,720	-	21,938	-
Amortisation of right-of-use assets	44,778	-	27,583	-
Amortization of prepaid staff benefits	41,009	31,097	40,248	30,483
Interest income	(361,675)	(301,055)	(275,023)	(241,023)
Dividend income	(197)	(10)	(197)	(35,970)
Interest expenses	122,617	39,972	115,879	39,965
Operating profit/(loss) before working capital changes	(998,966)	1,253,198	(1,310,382)	951,160
(Increase)/decrease in inventory	(46,934)	(68,852)	35,974	(54,031)
(Increase)/decrease in trade and other receivables	324,409	1,354,842	535,606	1,617,591
(Increase)/decrease amounts due from related parties	-	-	63,305	(61,186)
Increase/(decrease) trade and other payables	604,145	(815,959)	416,232	(998,932)
Increase/(decrease) amounts due to related parties	-	-	46,574	51,300
Cash generated from/(used in) operating activities	(117,346)	1,723,228	(212,691)	1,505,902
Interest paid	(122,617)	(39,972)	(115,879)	(39,965)
Gratuity paid	(132,825)	(168,727)	(132,825)	(168,727)
Tax paid	(248,942)	(84,404)	(149,267)	(47,753)
Net cash generated from/(used in) operating activities	(621,730)	1,430,125	(610,662)	1,249,457

For the year ended 31 December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Cash flow from investing activities				
Purchases of property, plant and equipment	(753,147)	(770,462)	(599,160)	(649,538)
Proceeds from disposal of property, plant and equipment	10,542	2,531	10,057	1,951
Interest received	307,940	221,978	248,385	180,430
Staff loans granted during the year	(294,611)	(300,829)	(289,061)	(298,354)
Staff loans recovered during the year	239,101	213,843	235,485	211,444
Net investments with banks and other institutions	(390,848)	-	(9,000)	-
Proceeds on maturity of FVTPL financial assets	47,289	317,404	-	-
Dividend received	197	10	197	35,970
Net cash generated from/(used in) investing activities	(833,537)	(315,525)	(403,097)	(518,097)
Cash flow from financing activities				
Short terms loans obtained during the period	5,414,557	6,752,188	5,414,557	6,752,188
Repayment of short term loans	(4,381,902)	(7,892,012)	(4,381,902)	(7,892,012)
Dividend paid	(111,575)	(118,788)	(111,575)	(118,788)
Payment of lease liability	(68,948)	-	(41,272)	-
Net cash generated from/(used in) financing activities	852,132	(1,258,612)	879,808	(1,258,612)
Net decrease in cash and cash equivalents during the period	(603,135)	(144,012)	(133,951)	(527,252)
Cash and cash equivalents at the beginning of the period (Note 22)	4,914,610	5,058,622	4,115,043	4,642,295
Cash and cash equivalents at the end of the period (Note 22)	4,311,475	4,914,610	3,981,092	4,115,043

The accounting policies and explanatory notes form an integral part of these Financial Statements.

(Figures in brackets indicate deductions.)

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Colombo Dockyard PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The Company's registered office is situated in Port of Colombo.

The consolidated financial statements of the Company as at and for the year ended 31st December 2019 comprise the Company and its Subsidiaries (together referred as the "Group").

The Group provides a vast variety of services with regard to ship repairs, shipbuilding and heavy engineering works.

Of the two subsidiaries within the Group, the Company has 100% holding of Dockyard General Engineering Services (Private) Limited (incorporated in Sri Lanka) and 51% holding of Ceylon Shipping Agency (Private) Limited (incorporated in Singapore).

Onomichi Dockyard Co. Ltd, incorporated in Japan is the parent company of Colombo Dockyard PLC. All the companies in the Group have a common financial year, which ends on 31st December.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Company which comprise of the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared and

presented in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act NO, 07 of 2007.

2.2 Responsibility of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and its subsidiaries as per provisions of Companies Act No, 07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs/ LKASs).

2.3 Basis of Measurement

The financial statements of the Group and the Company have been prepared on an accrual basis and under the historical cost basis except for the following items in the Statement of Financial Position.

- Derivative financial instruments measured at fair value
- Non derivative financial instruments measured at amortized cost.
- Financial assets measured at fair value through OCI.
- Liability for defined benefit obligation recognized based on actuarial valuation. (LKAS 19)

2.4 Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees which is the Group's functional currency, except for the foreign subsidiary whose functional currency is different as it operates in a different economic environment (See Note 34). All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

2.5 Going Concern

In preparing these financial statements, the management has assessed the existing and anticipated effect of the COVID-19 on the Group and the appropriateness of the use of the going concern basis of preparation giving special attention to highly impacted sectors such as ship building and ship repair based on available information and the short to medium term economic outlook. The Group has been evaluating the resilience of its businesses, considering a wide range of factors such as expected revenue streams, profitability, cost management initiatives implemented by the Group, changes in working capital management of capital expenditure, debt repayments, cash reserves and available sources of financing including unutilized facilities and in order to be able to continue business under current global economic conditions.

Having evaluated the presentations made by the Group companies on their future outlook, the Directors are satisfied that the Company and its Subsidiaries have adequate resources to continue its operations at least, but not limited to 12 months from the reporting date, to justify adopting the going concern basis in preparing these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Summary of Significant Accounting Policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Company.

The Company has initially applied SLFRS 16 from 1st January 2019.

Except for the above, those accounting policies presented with each note, have been applied consistently by the Company.

3.1.1 Coronavirus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions at December 2019 about future events that the Directors believe are reasonable in the circumstances. There

is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further below and/or in the relevant note to these Financial Statements.

3.2 Basis Of Consolidation

The consolidated financial statements (referred to as the "Group") comprise the Financial Statements of the Company and its subsidiaries.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions/ events in similar circumstances and where necessary, appropriate adjustments have been made in the consolidated financial statements.

3.2.1 Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has a controlling

interest. All financial statements of subsidiaries prepared for the same reporting period as the parent company which is for the twelve months ending 31st December. Subsidiaries are consolidated from the date on which control is transferred to the Company and commences until the date that control ceases.

There are no restrictions on the ability of the subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividends or repayment of loans and advances.

3.2.2 Transactions eliminated on consolidation

Inter group balances and transactions and any unrealised income and expenses arising from inter group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign Currency

3.3.1 Functional Currency and Presentation Currency

The individual Financial Statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is also the Company's functional currency.

Notes to the Financial Statements

3.3.2 Foreign Currency Transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate.

Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for the Group's net investment in foreign operations/subsidiaries.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognised in other comprehensive income.

3.3.3 Foreign operations/subsidiaries

The statement of financial position and statement of comprehensive income of overseas subsidiary which is deemed to be foreign operations are translated to Sri Lankan Rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

3.3.4 Foreign exchange forward contracts

Foreign exchange forward contract that are not designated as hedge instruments are fair valued at each reporting date. Gains and losses arising from changes in fair value are recognised in the income statement under finance income or finance cost respectively.

3.3.5 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income statement (OCI). The gain or loss in relation to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

3.4 Assets and the Bases of Their Valuation

Assets classified as current assets in the statement of financial position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.4.1 Property, Plant & Equipment

3.4.1.1 Recognition and Measurement

Property, plant and equipment are recognised if it is probable that future economic benefit associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (Major components) of property, plant and equipment.

3.4.1.2. Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are Located and borrowing costs that are directly attributable to the qualifying assets.

3.4.1.3 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.1.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognised in the profit and loss when the asset is derecognised.

3.4.1.5 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives and depreciation rates are as follows:

Company - Colombo Dockyard PLC

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Dry-docks	25-50	4% - 2%
Buildings	20-25	5% - 4%
Roadways	10	10%
Plant, Machinery & Equipment	10 - 40	10% - 2.5%
Electrical Installations	10	10%
Furniture, Fittings & Office Equipment	6.6	15%
Motor Vehicles	5	20%
Boats & Launches	6.6	15%
Inventory Items	6.6	15%
Loose Tools	2	50%

Group - Dockyard General Engineering Services (Private) Limited

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Buildings	10	10%
Plant & Machinery	10	10%
Motor Vehicles	4	25%
Furniture, Fittings & Office Equipment	6.6	15%
Loose Tools	6.6	15%
Office and Computer Equipment	2	50%

Ceylon Shipping Agency (Private) Limited

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Office Equipment	10	10%
Computers	3	33.3%
Furniture and Fittings	10	10%
Office Renovation	5	20%

Depreciation of an asset begins when it is ready for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, when appropriate, if any.

3.4.1.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or administrative purpose. Investment properties are initially measured at its cost including related transaction costs and subsequently at fair value with any change there in recognized in profit or loss.

Notes to the Financial Statements

Investment property are derecognized when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses retirement or disposal is recognized in the profit or loss in the year of retirement or disposal.

3.4.2 Intangible Assets

An Intangible Asset is recognised if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably. Intangible assets that are acquired by the Group/Company are measured at cost less accumulated amortisation and accumulated impairment losses.

3.4.2.1 Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the statement of financial position under the category of intangible assets.

3.4.2.2 Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.4.2.3 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future

economic benefits embodied in the asset. The estimated useful lives and amortization rates are as follows:

Asset Category	Useful Life (Years)	Amortization Rate (%)
Computer Software	03	33.3%

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, where necessary.

3.4.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales. The cost of the inventories is assigned by using specific identification of their individual costs and first-in-first out formulas.

Inventory items shipped, but not received by the Company as at the reporting date are treated as goods-in transit. In such situations, estimates are made for unpaid bills in order to value goods-in transit.

3.4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3.5 Financial Instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment- by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest

rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model, (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - eg., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets-Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (eg. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (eg., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

Notes to the Financial Statements

Financial assets - Subsequent measurement and gains and Losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(C) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment policy

Non-derivative financial asset's Financial instruments and contract assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit

assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group

assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with

respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: 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 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is assessed at each reporting date for any

Notes to the Financial Statements

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 amortisation, if no impairment loss had been recognised.

3.6 Post-Employment Benefits Defined Benefit Plan Company Company

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date, with the advice of an actuary, using the Projected Unit Credit (PUC) method. Any actuarial gains or losses arise immediately recognise in other comprehensive income.

Local Subsidiary

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date, according to the formula method, using the Projected Unit Credit (PUC) method. Any gain or losses are recognised in profit or loss when incurred.

Foreign Subsidiary

Provisions are made in the financial statements in accordance with the respective legislative enactments in force, in the country of incorporation.

3.6.1 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's

contributions to the defined contribution plans are recognised as an expense in statement of comprehensive income when incurred.

3.7 Provisions

A provision is recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

All known provisions have been accounted for in preparing the financial statements.

3.7.1 Provision for Warranty

Provision for warranty jobs is made for all construction contracts based on the contractual and projects estimated figures. However, warranty provision for Ship repair services is made based on historical experiences. The estimates are revised annually.

3.7.2 Provision for Slow Moving Stocks

Provision for slow moving stocks are made when the Company/Group identify the impairment in inventory through its regular assessments.

3.8 Income Statement

3.8.1 Revenue

The Group revenue represents revenue from ship building, ship repairing, heavy engineering and material sales to customers outside the Group.

3.8.1.1 Revenue Recognition Revenue recognition

Revenue is recognised when a customer obtain control of the goods or services - Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

Revenue is recognised to the extent that it is highly probable that a significant

reversal in the amount of cumulative revenue recognition will not occur.

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

3.8.1.1.1 Ship Repairs, Ship Building, Offshore Engineering and Heavy Engineering

When the outcome of a construction / service contract can be estimated reliably, revenue is recognised in the statement of other comprehensive income by reference to the stage of completion of the respective project (Percentage- of-Completion Method). When the outcome of a construction / service contract cannot be estimated reliably, revenue is recognised to the extent of cost incurred that are likely to be recoverable. When it is probable that total cost will exceed total revenue, the expected loss is recognised as an expense immediately. The Stage of completion is measured by reference to the proportion that, costs incurred for work performed to date bear to the estimated total costs.

3.8.1.1.2 Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

3.8.1.1.3 Other Income

Revenue from dividends is recognised when the group's right to receive the payment is established.

Profits or losses from disposal of property, plant and equipment recognised having deducted from proceeds on disposal, the carrying value of the assets and the related expenses.

Foreign currency gains and losses are reported on a net basis.

Income from scrap sales are recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods

Rental, income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term.

Other income is recognised on an accrual basis.

3.8.2 Expenditure Recognition

3.8.2.1 Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement in arriving at the profit or loss for the year. Provisions have also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on property, plant and equipment.

3.8.2.2 Warranty Claims/Provisions

Costs incurred by the Group under the terms of warranty entered with the customers are charged to the profit or loss only if the actual cost incurred is more than the provision already made.

3.8.2.3 Borrowing Costs

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

3.8.3 Net Finance Income/ (Expenses)

Finance income comprises of interest income on funds invested and staff loans, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises of interest expenses on borrowings (Not capitalized under LKAS - 23 'Borrowing Costs'), unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (Other than trade receivable). Interest expenses are recognised in profit or loss using the effective interest method.

3.8.4 Taxation

As per Sri Lanka Accounting Standard - LKAS 12 on 'Income taxes', tax expense/ (reversal) is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxes. Therefore, it consists of current and deferred tax. Income tax expense/ (reversal) is recognised in the comprehensive income except to the extent it relates to items recognised directly in equity or in Other Comprehensive Income. The group recognises liabilities for anticipated taxes, based on estimates of taxable income, where the final tax outcome of these matters may differ from the amounts that were initially recorded. Such differences will be adjusted in the current year's income tax charge and/deferred tax assets/liabilities as appropriate in the period in which such determination is made.

3.8.4.1 Current Taxes

Current Income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be (recovered from) or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Income tax has been provided on overseas operations in accordance with the relevant statutes in force in the countries in which operations are carried out.

The relevant details are disclosed in the respective notes to the Financial Statements. (Note 09 and 29)

3.8.4.2 Deferred Taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses/credits 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 the related tax benefit will be realised.

Notes to the Financial Statements

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

3.9 Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group management committee (being the chief operating decision-maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment transfers are based on fair market prices where the arm's length basis in manner similar to transaction with third parties is adopted. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.10 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price has been charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.11 Cash Flow Statement

The Cash Flow Statement has been prepared using the 'indirect method' in accordance with Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalent comprise cash in hand, cash at bank and short term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows and interest paid is classified under the operating cash flows for the purpose of presentation of Cash Flow Statement.

Bank overdrafts and short term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flows.

3.12 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

3.13 Events Occurring After the Reporting Period

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorised for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

Critical accounting estimate/judgement	Disclosure Reference	
	Note	Page
Income tax expense	09	72 - 74
Property, plant and equipment	11	76 - 79
Intangible assets	13	79
Deferred tax assets / liabilities	17	83
Employee benefits	26	88 - 89
Provision for warranty claims	27.1	90

4.1 Changes in Accounting Standards

The Group applied SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16- Leases

SLFRS 16 supersedes LKAS 17 Leases and IFRIC 4 determining whether an Arrangement contains a lease, SIC-15 Operating leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the legal Form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 1st January 2019, without restating comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

The effect of adoption SLFRS 16 as at 1st January 2019 is as follows:

Description	Group	Company
	LKR 000	LKR 000
Right to use asset	249,640	184,889
Lease liability	(246,359)	(181,992)
Pre-paid lease rental	(3,281)	(2,897)

a) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases previously classified as finance leases

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The requirement of SLFRS 16 was applied to these leases from 1st January 2019.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12. nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

Notes to the Financial Statements

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the interpretation had an impact on its consolidated financial statements.

Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions and Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Group and the Company.

Sri Lanka Accounting Standards not yet effective as at 31st December 2019

The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31st December 2019.

- SLFRS 17 Insurance Contracts
- Amendments to LKAS 1 and LKAS 8: Definition of Material
- Amendments to SLFRS 3: Definition of a Business
- Amendments to references to the conceptual framework in SLFRS standards

Since the amendments are effective for annual periods beginning on or after 1st January 2020. The Company will not be affected by these amendments as at the reporting date. Further, the amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

5. REVENUE

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Ship repair	5,773,073	5,927,741	5,773,073	5,927,741
Ship building	4,265,866	6,869,782	4,265,866	6,869,782
Heavy engineering	1,282,143	1,548,136	106,611	371,477
Material & other sales	327,414	618,017	-	-
Gross revenue (Note 5.1, 5.2)	11,648,496	14,963,676	10,145,550	13,169,000
Turnover tax	(16,949)	(17,093)	-	-
Total revenue	11,631,547	14,946,583	10,145,550	13,169,000
Less: Cost of sales	(11,023,136)	(13,602,250)	(10,038,764)	(12,292,132)
Gross profit / operating results (Note 5.3)	608,411	1,344,333	106,786	876,868

5.1 Project Types Segment Revenue (Business Segment)**Ship repair**

Tankers	1,888,146	1,767,469	1,888,146	1,767,469
General cargo	537,762	510,137	537,762	510,137
Container carriers	238,567	403,243	238,567	403,243
Passenger vessels	192,016	268,032	192,016	268,032
Fishing trawlers	62,408	47,461	62,408	47,461
Tugs	48,339	121,724	48,339	121,724
LPG tankers	572,559	129,630	572,559	129,630
Dredgers	302,347	692,699	302,347	692,699
Navel vessels	491,834	147,839	491,834	147,839
Cement carriers	99,700	43,545	99,700	43,545
Livestock carriers	1,384	47,287	1,384	47,287
Offshore support vessels	131,506	186,431	131,506	186,431
Barge	124,527	116,186	124,527	116,186
Bulk carriers	684,800	491,850	684,800	491,850
Research vessel	38,260	610,121	38,260	610,121
Others	358,918	344,087	358,918	344,087
	5,773,073	5,927,741	5,773,073	5,927,741
Ship building				
Specialised vessels	2,170,014	6,544,284	2,170,014	6,544,284
Passenger vessels	294,314	-	294,314	-
Supply vessels	1,307,657	325,498	1,307,657	325,498
Launching Vessels	493,881	-	493,881	-
	4,265,866	6,869,782	4,265,866	6,869,782
Heavy engineering				
Heavy fabrication	779,549	1,121,189	79,237	270,750
Services	93,081	97,906	9,532	58,657
Repairs & maintenance	307,597	160,629	17,842	42,030
Power generation	101,916	168,412	-	40
	1,282,143	1,548,136	106,611	371,477
Material and other sales				
Material and other sales	327,414	618,017	-	-
Total revenue	11,648,496	14,963,676	10,145,550	13,169,000

Notes to the Financial Statements

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
5.2 Geographical Segment Revenue				
India	2,974,436	3,590,811	2,974,436	3,590,811
Maldives	439,494	541,108	439,494	541,108
China	-	15,081	-	15,081
Iraq	-	98,608	-	98,608
UAE	18,932	60,945	18,932	60,945
Srilanka	2,074,792	1,774,104	1,435,330	966,371
Singapore	1,199,814	1,483,770	336,330	496,827
Japan	3,808,724	6,544,973	3,808,724	6,544,973
Germany	21,575	40,145	21,575	40,145
Greece	45,895	82,952	45,895	82,952
Hong Kong	12,340	56,563	12,340	56,563
USA	780	22,905	780	22,905
Seychelles	59,232	18,925	59,232	18,925
Norway	219,632	37,445	219,632	37,445
Cyprus	1,051	21,082	1,051	21,082
Thailand	187,669	-	187,669	-
Pakistan	161,818	141,680	161,818	141,680
Netherlands	47,268	289,551	47,268	289,551
Poland	-	40,120	-	40,120
Qatar	101,000	-	101,000	-
Others	274,044	102,908	274,044	102,908
	11,648,496	14,963,676	10,145,550	13,169,000

5.3 Segmental Operating Results

Ship repairs	713,083	730,277	713,083	730,277
Ship building	(576,604)	62,317	(576,604)	62,317
Heavy engineering	318,239	376,455	(29,693)	84,274
Material & other sales	153,693	175,284	-	-
	608,411	1,344,333	106,786	876,868

6. OTHER INCOME

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Exchange gain (both realized and unrealized)	-	847,369	-	847,369
Scrap sales	126,177	135,075	126,177	134,691
Dividend income	197	10	197	35,970
Profit on disposal of property, plant and equipment	9,455	1,610	9,046	1,608
Management fees	-	-	917	918
Amortization of corporate guarantees	-	-	930	675
Lease rental	203	-	1,748	1,751
Miscellaneous income	28,712	40,077	27,339	37,242
	164,744	1,024,141	166,354	1,060,224

7. NET FINANCE INCOME/(EXPENSE)

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Finance cost				
Interest on bank overdrafts and short term loans (Note 7.1)	(93,967)	(39,972)	(93,941)	(39,965)
Amortization of guarantee benefit	(930)	-	-	-
Interest on lease liability (Note 14.2)	(27,720)	-	(21,938)	-
	(122,617)	(39,972)	(115,879)	(39,965)

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Finance income				
Interest income from investments	249,447	214,658	165,099	156,106
Other interest income	71,219	55,300	69,676	54,434
Amortization of pre paid staff cost (Note 20.2)	41,009	31,097	40,248	30,483
Net change in fair value of financial instrument at FVTPL	53,332	47,417	31,248	19,573
	415,007	348,472	306,271	260,596
	292,390	308,500	190,392	220,631

7.1 In accordance with LKAS 23 Borrowing cost, Company has incurred an interest costs amounting to Rs.67.48 Mn (2018 - Rs.60.67 Mn) which was related to the shipbuilding projects which were fallen under the definition of 'qualifying assets'. Company treated interest cost on such loans, which were directly attributable to the acquisition, construction or production of a qualifying asset as part of project cost and not as an interest cost, and charge to the Cost of Sales.

Notes to the Financial Statements

8. PROFIT BEFORE TAX

Is stated after charging all expenses / (reversals) including the following:

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Directors' emoluments	26,999	25,663	18,149	17,013
Auditors remuneration - on statutory audit	4,262	3,963	2,520	2,345
audit related services	-	75	-	75
Business promotion expenses	67,515	29,429	57,914	20,185
Depreciation on property, plant & equipment	481,476	432,759	445,296	406,880
Amortization of intangible assets	10,058	13,806	9,576	13,209
Donations	384	243	384	243
Bad debt written-off	-	8,153	-	-
Impairment loss on property, plant and equipment	-	2,473	-	-
Provision for/(reversal of)				
- Bad and doubtful debts	2,467	75,765	9,109	68,636
- Obsolete and slow moving stocks	23,821	(7,566)	20,625	(1,083)
- Warranty claims	72,145	37,368	58,540	17,210
Staff related cost				
- Salaries and wages	3,737,292	3,698,186	3,547,935	3,520,515
- Defined benefit plan cost - gratuity	152,604	150,896	146,642	145,465
- Defined contribution plan cost - EPF	193,543	180,553	179,212	170,882
- ETF	48,385	45,138	44,803	42,721
Amortization of pre-paid staff cost	41,009	31,097	40,248	30,483

9. INCOME TAX EXPENSE

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
On the current years profit (Note 9.3)	97,738	86,266	-	-
Under/(over) provision in previous year	-	(334)	-	-
Unrecoverable ESC	149,267	47,753	149,267	47,753
Deferred taxation (Note 17.3)	(46,462)	(6,574)	(26,784)	(18,082)
Tax expense on total comprehensive income	200,543	127,111	122,483	29,671
Deferred tax on other comprehensive income	265	(3,697)	667	(2,762)
Total tax expense on profit	200,808	123,414	123,150	26,909

9.1 Taxation on Profits

(i) Income tax in Sri Lanka

Company

As per the Inland Revenue Act No. 24 of 2017 the Company is liable to pay income tax at following rates:

Business income	14%
Investment income	28%
Deduction of tax losses against total statutory income	100%
Tax losses - carrying forward	6 years

Group

Dockyard General Engineering Services (Pvt) Ltd.

As per the Inland Revenue Act, the Company is liable to pay income tax at 28% on profits from construction contracts.

Dockyard Tehnical Services (Pvt) Ltd.

As per the Inland Revenue Act, the Company is liable to pay income tax at 28% on profits from construction contracts.

(ii) Income tax on overseas operations

Ceylon Shipping Agency (Pte) Ltd., Singapore is liable for taxation at the rate of 17% on its taxable profit and provision has been made in the Financial Statements accordingly.

9.2 Economic Service Charge

Economic Service Charge (ESC) paid by Companies operating within Sri Lanka is available as Income Tax Credit. In instances where recoverability is not possible due to the tax status, sums paid are written off to the profit or loss.

Notes to the Financial Statements

For the year ended 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
9.3 Reconciliation between current tax expense and the accounting profit				
Profit / (loss) before tax	(1,476,239)	460,889	(1,812,338)	171,566
Inter group adjustments	-	35,960	-	-
	(1,476,239)	496,849	(1,812,338)	171,566
Disallowable expenses for taxation	743,972	693,939	651,082	636,202
Allowable expenses for taxation	(391,766)	(439,745)	(311,843)	(375,331)
Statutory profit/(loss) from business	(1,124,033)	751,043	(1,473,099)	432,437
Statutory profit/(loss) from Colombo Dockyard PLC	(1,473,099)	432,437	(1,473,099)	432,437
Statutory profit/(loss) from Dockyard General Engineering Services (Pvt) Ltd	349,066	306,043	-	-
Statutory profit/(loss) from Ceylon Shipping Agency (pte) Ltd	-	12,563	-	-
Tax loss claimed during the year	-	(432,437)	-	(432,437)
Taxable Income / (Loss)	(1,124,033)	(113,831)	(1,473,099)	-
Tax at the rate of 14%	-	-	-	-
Tax at the rate of 17%	-	574	-	-
Tax at the rate of 28%	97,738	85,692	-	-
Provision for taxation on current year profit	97,738	86,266	-	-

The group has evaluated the recoverability of unclaimed tax losses (as at each reporting date) through taxable profits forecasted. Deferred tax assets have been recognized only up to recoverable amount. Tax losses as at 31st December 2019, as per the income tax return (estimated), was Rs 9,498 Mn (2018 - Rs 7,038 Mn). In reviewing the recoverability of unclaimed tax losses, the Group has evaluated the impact of COVID-19 pandemic on the future taxable profits.

9.4 Deferred Taxation

Company

The deferred tax liability is arrived at by applying the effective income tax rate of 14% applicable for the year of assessment 2019/2020 to the temporary difference as at 31st December 2019.

Subsidiaries

Dockyard General Engineering Services (Pvt) Ltd.

The deferred tax asset is arrived at by applying the income tax rate of 28% to the temporary differences of Dockyard General Engineering Services (Pvt.) Ltd. as at 31st December 2019.

Dockyard Technical Services (Pvt) Ltd.

The deferred tax asset is arrived at by applying the income tax rate of 28% to the temporary differences of Dockyard Technical Services (Pvt.) Ltd. as at 31st December 2019.

Ceylon Shipping Agency (Pte) Ltd.

The deferred tax liability is arrived at by applying the income tax rate of 17% to the temporary differences of Ceylon Shipping Agency (Pte) Ltd. as at 31st December 2019.

10. EARNINGS/(LOSS) PER SHARE

10.1 Earnings/(loss) Per Share

The calculation of the earnings/(loss) per share has been derived by dividing profit/(loss) attributable to equity shareholders of Company/Group by the weighted average number of ordinary shares in issue during the year and calculated as follows:

	Group		Company	
	2019	2018	2019	2018
Amount used as the numerator				
Profit/(loss) for the period (Rs. '000)	(1,677,047)	337,475	(1,935,488)	144,657
Non controlling interest (Rs. '000)	(4,025)	(5,875)	-	-
Profit/(Loss) attributable to equity shareholders of Colombo Dockyard PLC (Rs. '000)	(1,681,072)	331,600	(1,935,488)	144,657
Number of ordinary shares used as the denominator				
Number of ordinary shares	71,858,924	71,858,924	71,858,924	71,858,924
Earnings/(loss) per share (Rs.) based on weighted average number of shares in 2019	(23.39)	4.61	(26.93)	2.01

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Group

COST	FREEHOLD											Total	
	Drydocks	Land	Road ways	Building	Plant, Machinery & Equipment	Electrical Installation	Motor Vehicles	Inventory Items	Office Equipment, Furniture & Fittings	Loose Tools	Boats & Launches		Capital Work In Progress
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
Balance as at 01 January 2019	1,159,195	62,950	14,190	1,370,888	5,340,833	302,656	231,118	88,624	409,295	319,942	6,494	464,785	9,770,970
Additions during the year	-	-	-	252,725	325,442	25,024	50,989	12,404	27,572	41,146	-	574,789	1,310,091
Transfers/adjustments during the year	25,466	-	-	-	(35,595)	10,129	-	-	-	-	-	(556,940)	(556,940)
Disposals during the year	-	-	-	-	(21)	-	(21,630)	-	(8)	(19,416)	-	-	(41,075)
Exchange gain/loss	-	-	-	-	-	-	-	-	31	-	-	-	31
Balance as at 31 December 2019	1,184,661	62,950	14,190	1,623,613	5,630,659	337,809	260,477	101,028	436,890	341,672	6,494	482,630	10,483,077
ACCUMULATED DEPRECIATION													
Balance as at 01 January 2019	652,122	-	11,178	636,973	3,103,885	270,764	168,982	59,007	323,313	288,830	6,494	144	5,521,692
Charge for the year	24,258	-	1,041	52,042	306,772	12,089	26,798	7,403	25,179	25,894	-	-	481,476
Transfer/adjustments during the year	550	-	-	-	(29,802)	-	(6,519)	6,519	-	-	-	-	(29,252)
Disposals	-	-	-	-	(20)	-	(21,630)	-	(5)	(18,333)	-	-	(39,988)
Exchange gain/loss	-	-	-	-	-	-	-	-	21	-	-	4	25
Balance as at 31 December 2019	676,930	-	12,219	689,015	3,380,835	282,853	167,631	72,929	348,508	296,391	6,494	148	5,933,953
IMPAIRMENT													
Balance as at 01 January 2019	-	-	-	-	2,327	-	-	-	136	10	-	-	2,473
Impairment loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2019	-	-	-	-	2,327	-	-	-	136	10	-	-	2,473
CARRYING AMOUNT													
As at 31 December 2019	507,731	62,950	1,971	934,598	2,247,497	54,956	92,846	28,099	88,246	45,271	-	482,482	4,546,651
As at 31 December 2018	507,073	62,950	3,012	733,915	2,234,621	31,892	62,136	29,617	85,846	31,102	-	464,641	4,246,805

11.2 Company

FREEHOLD													
	Drydocks	Land	Road ways	Building	Plant, Machinery & Equipment	Electrical Installation	Motor Vehicles	Inventory Items	Office Equipment, Furniture & Fittings	Loose Tools	Boats & Launches	Capital Work In Progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST													
Balance as at 01 January 2019	1,159,195	45,785	14,190	1,326,546	5,231,702	302,655	173,920	88,666	387,507	264,746	6,495	403,631	9,405,038
Additions during the year	-	-	-	252,725	316,410	25,024	46,172	12,404	24,403	2,511	-	476,455	1,156,104
Transfers/adjustments during the year	25,466	-	-	-	(35,595)	10,129	-	-	-	-	-	(556,944)	(536,944)
Disposals during the year	-	-	-	-	-	-	(20,800)	-	-	(18,672)	-	-	(39,472)
Balance as at 31 December 2019	1,184,661	45,785	14,190	1,579,271	5,512,517	337,808	199,292	101,070	411,910	248,585	6,495	323,142	9,964,726
ACCUMULATED DEPRECIATION													
Balance as at 01 January 2019	652,122	-	11,178	618,852	3,055,023	270,763	119,044	65,930	308,303	248,576	6,495	-	5,356,286
Charge for the year	24,258	-	1,041	50,652	295,399	12,089	20,193	7,403	23,135	11,126	-	-	445,296
Transfers/adjustments during the year	550	-	-	-	(29,791)	-	(6,519)	6,519	-	-	-	-	(29,241)
Disposals during the year	-	-	-	-	-	-	(20,800)	-	-	(17,670)	-	-	(38,470)
Balance as at 31 December 2019	676,930	-	12,219	669,504	3,320,631	282,852	111,918	79,852	331,438	242,032	6,495	-	5,733,871
CARRYING AMOUNT													
As at 31 December 2019	507,731	45,785	1,971	909,767	2,191,886	54,956	87,374	21,218	80,472	6,553	-	323,142	4,230,855
As at 31 December 2018	507,073	45,785	3,012	707,694	2,176,679	31,892	54,876	22,736	79,204	16,170	-	403,631	4,048,756

No property plant and equipment have been pledged as security for liabilities and also there are no restrictions on titles.

Notes to the Financial Statements

11.3 Valuation of Land

The lands of the Group have been revalued by an independent chartered valuation firm, Sunil Fernando & Associates (Pvt) Ltd, as at 31st December 2017. This valuation had been carried out for the purpose of disclosing the market value of lands owned by the Group. Valuation details of the lands of the Group are as follows, Comparison method of valuation has been used for the valuation of lands and buildings.

- (a) Land depicted as Lot No.01 in plan No. LS/P/223 at Colombo Dockyard PLC, Port of Colombo, Colombo 15. This land is situated within the Port of Colombo, adjoining the Sri Lanka Port Authority.

Extent of the land	852.5 Perches
No. of buildings	02
Cost	Rs. 20,931,444
Valuation	Rs. 3,836,250,000

- (b) Land depicted as allotment of land in Plan No.562 dated 27th August 1960 at Nuwara Eliya Holiday Bungalow of the Company is built on this land.

Extent of the land	37.99 Perches
No. of buildings	01
Cost	Rs. 1,807,000
Valuation	Rs. 60,784,000

- (c) Land depicted as Lot A in Plan No.1347 dated 6th June 1981 at Colombo 15. Executive quarters of the Company is built on this land.

Extent of the land	89.62 Perches
No. of buildings	01
Cost	Rs. 3,219,000
Valuation	Rs. 85,100,000

- (d) Land depicted as Lot No.01 in Plan No. 250 at Colombo 14, this land is leased to Dockyard General Engineering Services (Private) Limited as an operating lease.

Extent of the land	103.75 Perches
No. of buildings	02
Cost	Rs. 2,865,000
Valuation	Rs. 77,800,000
Extent of the building is above freehold lands 25,134 sqm (2014 - 25,134 sqm)	

- (e) Land depicted as Lot No is plan No. 3347 at No. 2, Srimath Bandaranayaka Mawatha, Colombo 12. The land is used for Dockyard General Engineering Services (Private) Limited's Materials Sales Center.

Extent of the land	7.15 Perches
No. of buildings	01
Cost	Rs. 14,300,000
Valuation	Rs. 35,800,000

- (f) Land depicted as Lot No. 3B in plan No. 2579 at Colombo 15. This land is kept for the purpose of constructing office spaces.

Extent of the land	12.69 Perches
No. of buildings	01
Cost	Rs. 19,829,000
Valuation	Rs. 27,600,000

Fair value of properties are classified under stage 3 in the fair value hierarchy. Significant unobservable inputs are price per perch of Land. Impact due to COVID-19 pandemic on property, plant and equipment has been disclosed under Note 38.4.1

11.5 Gross Carrying Amount of Fully Depreciated Property, Plant and Equipment

As at 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Freehold drydocks	5,215	5,215	5,215	5,215
Roadways	3,784	3,784	3,784	3,784
Freehold buildings	300,587	320,276	264,277	302,121
Plant, machinery and equipment	1,894,412	2,040,168	1,869,656	2,032,487
Electrical installation	206,122	206,122	206,122	206,122
Motor vehicles	151,914	122,728	75,262	95,699
Inventory items	48,426	41,782	48,426	41,782
Office equipment, furniture and fittings	275,849	236,952	255,691	232,207
Boats / launches	6,495	6,495	6,495	6,495
	2,892,804	2,983,522	2,734,928	2,925,912

12. INVESTMENT PROPERTY

As at 31st December	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Land rented to Dockyard General Engineering Services (Pvt) Ltd.	-	-	2,865	2,865

Land depicted as Lot No.01 in Plan No.250 at Mahawatte, Colombo 14, which is leased to Dockyard General Engineering Services (Pvt.) Limited, has been revalued by an independent Chartered Valuation firm, Sunil Fernando & Associates (Pvt.) Ltd., as at 31 December 2017. Comparison method of valuation has been used for the valuation of land. Valuation details of the land is as follows,

Extent of the land	103.75 Perches
No. of buildings	02
Cost	Rs. 2,865,000
Valuation	Rs. 77,800,000

Fair value of properties are classified under stage 3 in the fair value hierarchy. Significant unobservable inputs are price per perch of Land

13. INTANGIBLE ASSETS

Cost	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Balance at the beginning of the year	85,620	85,620	81,766	81,766
Additions during the year	-	-	-	-
Balance at the end of the year	85,620	85,620	81,766	81,766
Amortization				
Balance at the beginning of the year	74,387	60,581	72,089	58,880
Charge for the year	10,058	13,806	9,576	13,209
Balance at the end of the year	84,445	74,387	81,665	72,089
Carrying amount	1,175	11,233	101	9,677

Notes to the Financial Statements

14. RIGHT - OF - USE ASSETS / LEASE LIABILITY

	Group 2019	Company 2019
14.1 Assets held under lease have been recognised as right-of-use assets under SLFRS 16		
Adjustment on initial application of SLFRS 16	249,640	184,889
Additions for during the year	28,048	28,048
Amortisation charge for the year	(44,778)	(27,583)
Balance as at 31st December 2019	232,910	185,354
14.2 Corresponding liability for the right- of-use assets has been recognised under other liabilities		
Adjustment on initial application of SLFRS 16	246,359	181,992
Additions for the year	21,968	21,967
Accretion of interest	27,720	21,938
Lease payments	(68,948)	(41,272)
Balance as at 31st December 2019	227,099	184,625
Current	29,030	17,704
Non-current	198,069	166,921
14.2.2 Amounts recognised in profit or loss		
14.2.2.1 Lease under SLFRS 16 for the year ended 31st December 2019		
Interest on lease liabilities	27,720	21,938
Right - of - use asset amortisation	44,778	27,583
Operating leases under LKAS 17 for the year ended 31st December 2018		
Rent expense	72,498	49,521
14.2.2.2 Amounts Recognised in statement of cash flows under SLFRS 16		
Lease rent paid	(68,948)	(41,272)

15. INVESTMENTS IN SUBSIDIARIES

	Incorporated in	2019			2018		
		No of shares	Percentage holding	Cost (Rs. '000)	No of shares	Percentage holding	Cost (Rs. '000)
15.1 Investments of Colombo Dockyard PLC							
Dockyard General Engineering Services (Pvt) Ltd.	Sri Lanka	61,999	100%	4,389	61,999	100%	3,460
Add: Fair value of financial guarantees				1,203			930
Ceylon Shipping Agency (Pte) Ltd.	Singapore	25,500	51%	357	25,500	51%	357
				5,949			4,747
15.2 Investments of Dockyard General Engineering Services (Pvt) Ltd							
Dockyard Technical Services (Pvt) Ltd.	Sri Lanka	49,999	100%	500	-	-	-
				500			

15.3 The Director's assessment of the fair value of investments

The Board of Directors' assessed the fair value of investments in subsidiaries as follows based on the net assets attributable for the respective investments.

	2019 (Rs. 000)	2018 (Rs. 000)
Dockyard General Engineering Services (Pvt) Ltd.	1,428,806	1,176,850
Ceylon Shipping Agency (Pte) Ltd.	81,894	80,162
	1,510,700	1,257,012

Notes to the Financial Statements

16. OTHER INVESTMENTS

	Group			Company		
	2019	2018	2019	2018	2019	2018
	No. of shares	Fair value (Rs. 000)	No. of shares	Fair value (Rs. 000)	No. of shares	Fair value (Rs. 000)
16.1 Investments Classified as Fair Value Through OCI						
16.1.1 Investments in shares						
Sri Lanka Port Management and Consultancy Services Limited	1,002	16,309	1,002	15,880	1,002	15,880
Associated Newspapers of Ceylon Limited	10,000	1,711	10,000	2,101	10,000	2,101
	110	18,020	110	17,981	110	17,981
16.2 Investments Classified as Fair Value Through Profit or Loss						
	Group			Company		
	2019	2018	2019	2018	2019	2018
	No of units	Fair value (Rs. 000)	No of units	Fair value (Rs. 000)	No of units	Fair value (Rs. 000)
16.2.1 Investment in Unit Trusts						
NDB wealth money plus	3,456	73,388	2,953,621	54,109	-	-
First capital money market fund	32	53,919	15,760	23,082	-	-
Capital alliance money market fund	3,464	62,510	3,592,269	50,000	-	-
		189,817	191,693	127,191	-	-
16.2.2 Investment in quoted debentures						
Sampath Bank PLC	500	50,000	500,000	50,000	-	-
Citizens Development Business Finance PLC	-	-	500,000	50,000	-	-
		50,000	50,475	100,000	98,295	-
		239,817	242,168	227,191	236,125	-

17. DEFERRED TAXATION

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
17.1 Deferred Tax Asset				
Balance at the beginning of the year	125,088	107,006	125,088	107,006
Provision /(reversal) during the year (Note 17.3)	47,987	18,082	26,784	18,082
Transferred from deferred tax liability	(14,086)	-	-	-
Balance at the end of the year	158,989	125,088	151,872	125,088
17.2 Deferred Tax Liability				
Balance at the beginning of the year	12,561	1,053	-	-
Provision/(reversal) during the year (Note 17.3)	1,525	11,508	-	-
Transferred to deferred tax asset	(14,086)	-	-	-
Balance at the end of the year	-	12,561	-	-
17.3 Provision /(reversal) for the year				
Provision during the year recognized in profit/(loss)	46,197	10,271	26,117	20,844
Recognised in other comprehensive income	265	(3,697)	667	(2,762)
Provision during the year recognized in comprehensive income	46,462	6,574	26,784	18,082

	2019		2018	
	Temporary difference (Rs.'000)	Tax effect on temporary difference (Rs.'000)	Temporary difference (Rs.'000)	Tax effect on temporary difference (Rs.'000)
Group				
Temporary difference on property, plant & equipment	(2,804,542)	(400,437)	(3,039,477)	(471,230)
Temporary difference on retirement benefit obligations	883,069	126,802	859,965	131,651
Temporary difference on stock provision	107,228	16,450	83,407	13,458
Temporary difference on warranty provision	131,754	25,908	93,787	19,248
Temporary difference on provision for bad and doubtful debts	89,657	10,884	87,190	10,320
Temporary difference on tax losses carried forward	2,720,765	380,907	2,720,765	409,080
Temporary difference on right-of-use asset	(5,811)	(1,525)	-	-
	1,122,120	158,989	805,637	112,527
Company				
Temporary difference on property, plant & equipment	(2,748,808)	(384,832)	(2,929,711)	(440,496)
Temporary difference on retirement benefit obligations	860,410	120,457	841,832	126,573
Temporary difference on stock provision	96,962	13,575	76,337	11,478
Temporary difference on warranty provision	78,452	10,983	54,090	8,133
Temporary difference on provision for bad and doubtful debts	77,745	10,884	68,636	10,320
Temporary difference on tax losses carried forward	2,720,765	380,907	2,720,765	409,080
Temporary difference on right-of-use asset	(729)	(102)	-	-
	1,084,797	151,872	831,949	125,088

Management has measured the deferred tax asset by applying the tax rates as per Inland Revenue Act No. 24 of 2017 as at 31 December 2019, in accordance with LKAS 12 paragraph 46.

Notes to the Financial Statements

18. INVENTORIES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Raw materials	759,715	883,288	546,433	756,887
Goods in transit	60,375	22,053	55,239	22,053
	820,090	905,341	601,672	778,940
Less: Provision for inventories (Note 18.1)	(107,228)	(83,407)	(96,962)	(76,337)
	712,862	821,934	504,710	702,603

18.1 Movement in provision for inventories

Balance at the beginning of the year	83,407	88,368	76,337	77,420
Provision/(reversal) made during the year	23,821	(7,566)	20,625	(1,083)
Amounts written off during the year	-	2,605	-	-
Balance at the end of the year	107,228	83,407	96,962	76,337

Please refer note 38.4.2

19. TRADE AND OTHER RECEIVABLES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Trade receivables	3,418,077	2,978,692	3,176,255	2,710,069
Less: Provision for bad and doubtful debts (Note 19.1)	(89,657)	(87,190)	(77,745)	(68,636)
	3,328,420	2,891,502	3,098,510	2,641,433
Accrued revenue	864,043	1,555,398	349,229	1,230,843
VAT recoverable	28,525	222,507	28,525	221,303
Deposits and prepayments	655,982	578,399	648,098	558,001
Economic service charges	281,355	238,749	281,355	238,749
Other receivables	383,842	336,901	179,949	213,014
	5,542,167	5,823,456	4,585,666	5,103,343

Impact due to COVID-19 pandemic on trade and other receivables are explained in under Note 38.4.3

19.1 Movement in Provision for Bad and Doubtful Debts

Balance at the beginning of the year	87,190	19,578	68,636	-
Provision made during the year	2,467	75,765	9,109	68,636
Bad debts written off during the year	-	(8,153)	-	-
Balance at the end of the year	89,657	87,190	77,745	68,636

20. OTHER FINANCIAL ASSETS INCLUDING DERIVATIVES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Non current				
Loans given to employees (Note 20.1)	502,034	467,400	491,347	455,021
Pre paid staff benefits (Note 20.2)	67,570	66,003	65,424	64,102
Securitised papers	102,315	-	-	-
Forward exchange contracts used for hedging	-	15,714	-	15,714
	671,919	549,117	556,771	534,837
Current				
Loans given to employees (Note 20.1)	179,665	160,944	174,983	159,836
Pre paid staff benefits (Note 20.2)	23,680	23,092	23,299	22,518
Securitised papers	128,356	-	-	-
Fixed deposits	119,168	-	-	-
Forward exchange contracts used for hedging	115,199	59,119	115,199	59,119
	566,068	243,155	313,481	241,473
	1,237,987	792,272	870,252	776,310

20.1 Loans Given to Employees

Balance at the beginning of the year	717,439	630,453	701,477	614,567
Loans granted during the year	294,611	300,829	289,061	298,354
Loans recovered during the year	(239,101)	(213,843)	(235,485)	(211,444)
	772,949	717,439	755,053	701,477
Transfer to pre paid staff benefits	(91,250)	(89,095)	(88,723)	(86,620)
Balance at the end of the year	681,699	628,344	666,330	614,857
Non current	502,034	467,400	491,347	455,021
Current	179,665	160,944	174,983	159,836

20.2 Prepaid Staff Benefits

Balance at the beginning of the year	89,095	70,331	86,620	67,911
Additions during the year	43,164	49,861	42,351	49,192
Amortization	(41,009)	(31,097)	(40,248)	(30,483)
Balance at the end of the year	91,250	89,095	88,723	86,620
Non current	67,570	66,003	65,424	64,102
Current	23,680	23,092	23,299	22,518

The loans given to employees are secured and interest is charged at the following rates:

	Housing loans	Vehicle loans	Wedding loans
Colombo Dockyard PLC	6.5%	10%	0%
Dockyard General Engineering Services (Pvt) Ltd.	6.5% - 7.5%	10%	-
Ceylon Shipping Agency (Pte) Ltd.	3.0%	-	-

Notes to the Financial Statements

21. AMOUNTS DUE FROM RELATED PARTIES

As at 31st December,	Relationship	Group		Company	
		2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Dockyard General Engineering Services (Pvt) Ltd	Subsidiary	-	-	64,846	147,238
Dockyard Technical Services (Pvt) Ltd.	Sub-Subsidiary	-	-	19,087	-
Ceylon Shipping Agency Pte Ltd	Subsidiary	-	-	-	-
		-	-	83,933	147,238

22. CASH AND CASH EQUIVALENTS

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)

22.1 Favourable Balances

Fixed deposits	2,860,721	3,533,727	2,769,892	2,975,187
Securitized papers	61,546	-	-	-
Repurchase agreement	-	44,000	-	-
Call deposits	1,149,740	1,039,469	1,149,740	1,039,469
Cash at bank	245,354	288,097	58,150	91,647
Cash in hand	9,557	9,397	8,695	8,740
	4,326,918	4,914,690	3,986,477	4,115,043

22.2 Unfavourable Balances

Bank overdrafts	(15,443)	(80)	(5,385)	-
Cash and cash equivalents for the purpose of the cash flow statement	4,311,475	4,914,610	3,981,092	4,115,043

23. STATED CAPITAL

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Issued and fully paid				
71,858,924 Ordinary shares (2018 - 71,858,924)	714,396	714,396	714,396	714,396

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meeting of the shareholders or one vote per share in the case of a poll.

23.1 Exchange Equalization Reserve

Exchange equalization reserve includes the exchange differences arising on translation of the Group's foreign operation - Ceylon Shipping (Pte) Ltd.

23.2 Fair Value through OCI Reserve

Fair value through OCI reserve includes changes of fair value of financial instruments designated as financial assets measured at fair value through OCI.

23.3 Cash Flow hedge Reserve

The risk management objective of the cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with the USD denominated forecasted payments expected on first half of 2021

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the payments are made). If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

24. INTEREST BEARING BORROWINGS

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Payable within one year				
Short term loans (Note 24.1)	3,670,553	2,712,300	3,670,553	2,712,300
	3,670,553	2,712,300	3,670,553	2,712,300
24.1 Short term loans				
Balance at the beginning of the year	2,712,300	3,494,446	2,712,300	3,494,446
Loans obtained during the year	5,414,557	6,752,188	5,414,557	6,752,188
Loan repayments during the year	(4,381,902)	(7,892,012)	(4,381,902)	(7,892,012)
Adjustment in respect of exchange rate fluctuations	(74,402)	357,678	(74,402)	357,678
Balance at the end of the year	3,670,553	2,712,300	3,670,553	2,712,300

Short term loans have been obtained for working capital financing from commercial banks and are repayable within 3 to 6 months. Majority of working capital facilities have been collateralised against stock in trade..

25. OTHER FINANCIAL LIABILITIES INCLUDING DERIVATIVES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Current				
Corporate guarantees	-	-	1,203	930
	-	-	1,203	930

Notes to the Financial Statements

26. EMPLOYEE BENEFITS

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Balance at the beginning of the year	859,965	915,103	841,832	899,062
Provision made in the profit / (loss) during the year (Note 26.3)	152,604	150,896	146,642	145,465
Payments made during the year	(132,825)	(168,727)	(132,825)	(168,727)
Actuarial (gain)/loss recognized in Other Comprehensive Income	3,325	(37,307)	4,761	(33,968)
Balance at the end of the year (Note 26.1 and 26.2)	883,069	859,965	860,410	841,832

Please refer note no 38.4.5

26.1 The Amount Recognized in the Statement of Financial Position are as follows;

Present value of unfunded obligations	883,069	859,965	860,410	841,832
Present value of funded obligations	-	-	-	-
Total present value of obligations	883,069	859,965	860,410	841,832
Fair value of plan assets	-	-	-	-
Present value of net obligations	883,069	859,965	860,410	841,832
Unrecognized net actuarial gains/ (losses)	-	-	-	-
Recognized liability for defined benefit obligations	883,069	859,965	860,410	841,832

26.2 Movement in the Present Value of Defined Benefit Obligations

Liability for defined benefit obligations as at 01 January	859,965	915,103	841,832	899,062
Actuarial (gains)/ losses	3,325	(37,307)	4,761	(33,968)
Benefit paid by the plan	(132,825)	(168,727)	(132,825)	(168,727)
Current service costs	58,356	54,877	54,040	51,063
Interest cost	94,248	96,019	92,602	94,402
Liability for defined benefit obligations as at 31 December	883,069	859,965	860,410	841,832

26.3 Expense Recognized in Profit or Loss for the Year Ended,

Current service costs	58,356	54,877	54,040	51,063
Interest on obligation	94,248	96,019	92,602	94,402
	152,604	150,896	146,642	145,465

26.4 Gain / (loss) recognized in Other Comprehensive Income	(3,325)	37,307	(4,761)	33,968
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Colombo Dockyard PLC

The actuarial valuations carried out by M/s Piyal S Goonetilleke and Associates for retiring gratuity for employees as at 31 December 2019 amounting to Rs. 860 Mn and used the following key assumptions.

	2019	2018
Rate of interest	11.00%	11.00%
Rate of salary increment	8%	8%
Rate of COLA increment	6%	6%
Staff turnover factor	1%	1%
Retiring age (years) - Male	55	55
- Female	50	50

Dockyard General Engineering Services (Pvt) Ltd

Dockyard General Engineering Services (Pvt) Ltd, applied the formula method and used the following key assumptions in arriving at the retirement benefit liability under Projected Unit Credit (PUC) method.

	2019	2018
Rate of interest	10.50%	10.50%
Rate of salary increment	12.00%	10.00%
Staff turnover factor	1%	1%
Retiring age (years) - Male	60	60
- Female	50	50

26.5 Sensitivity of Assumptions Used**Colombo Dockyard PLC**

A quantitative sensitivity analysis for significant assumptions used by the Company as at 31st December 2019 is as shown below:

Effect on the employee benefit obligation	Discount rate (Rs.'000)	Salary escalation rate (Rs.'000)
As per the current assumptions	860,410	860,410
Increase by one percentage point	818,323	915,079
Decrease by one percentage point	907,222	810,211

The sensitivity analysis above have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting date.

Dockyard General Engineering Services (Pvt) Ltd

A quantitative sensitivity analysis for significant assumptions used by the Company as at 31st December, 2019 is as shown below:

Effect on the employee benefit obligation	Discount rate (Rs.'000)	Salary escalation rate (Rs.'000)
As per the current assumptions	22,659	22,659
Increase by one percentage point	19,923	26,279
Decrease by one percentage point	27,361	20,242

The sensitivity analysis above have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Notes to the Financial Statements

27. TRADE AND OTHER PAYABLES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Trade payables	684,099	594,346	501,155	378,125
Subcontract payables	507,615	425,450	507,615	425,450
Progress bills	1,337,658	950,221	1,337,658	950,221
Provision for warranty claims (Note 27.1)	131,754	93,787	78,452	54,090
Accrued expenses and other provisions	660,844	631,527	356,894	431,455
Other payables	392,402	274,050	73,673	72,635
ESC payable	-	39,458	-	39,458
VAT payable	9	-	-	-
	3,714,381	3,008,839	2,855,447	2,351,434

Please refer Note No 38.4.3

27.1 Provision for Warranty Claims

Balance at the beginning of the year	93,787	73,181	54,090	37,505
Provision/(reversals) made during the year	72,145	37,368	58,540	17,210
Claims made during the year	(34,178)	(16,762)	(34,178)	(625)
Balance at the end of the year	131,754	93,787	78,452	54,090

28. AMOUNTS DUE TO RELATED PARTIES

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Ceylon Shipping Agency (Pte) Ltd.	-	-	174,565	121,790
Dockyard General Engineering Services (Pvt) Ltd	-	-	30,803	42,781
Dockyard Technical Services (Pvt) Ltd.	-	-	5,777	-
	-	-	211,145	164,571

29. INCOME TAX PAYABLE

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Balance at the beginning of the year	83,968	34,623	-	-
Provision for income tax on current year's profits	97,738	86,330	-	-
Over provision of income tax in respect of prior year	(639)	(334)	-	-
Tax paid during the year	(99,036)	(36,651)	-	-
Balance at the end of the year	82,031	83,968	-	-

30. DIVIDEND PAYABLE

As at 31st December,	Group		Company	
	2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Balance at the beginning of the year	15,152	26,152	15,152	26,152
Dividends declared during the year	107,788	107,788	107,788	107,788
Payments during the year	(111,575)	(118,788)	(111,575)	(118,788)
Balance at the end of the year	11,365	15,152	11,365	15,152

31. FINANCIAL INSTRUMENTS**31.1 Financial Instruments - Statement of Financial Position (SOFP)**

The Financial instruments recognize in the Statement of Financial Position are as follows:

As at 31st December,	Note	Group		Company	
		2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Financial assets					
Fair value through profit and loss					
SOFP line Item:					
Investments classified as fair value through profit or loss	16.2	242,168	236,125	-	-
Total		242,168	236,125	-	-
Amortised cost					
SOFP line Item:					
Other financial assets including derivatives - Non Current	20	671,919	549,117	556,771	534,837
Trade and other receivables	19	3,712,262	3,228,404	3,278,459	2,854,447
Other financial assets including derivatives - Current	20	566,068	243,155	313,481	241,473
Amounts due from related parties	21	-	-	83,933	147,238
Total		4,950,249	4,020,676	4,232,644	3,777,995
Fair value through other comprehensive income					
SOFP Line Item:					
Investment in subsidiaries	15	-	-	5,949	4,747
Unquoted share investments	16.1	18,020	17,981	18,020	17,981
Total		18,020	17,981	23,969	22,728
Cash and cash equivalents	22.1	4,326,918	4,914,690	3,986,477	4,115,043
		9,537,355	9,189,472	8,243,090	7,915,766

Notes to the Financial Statements

As at 31st December,	Note	Group		Company	
		2019 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2018 (Rs.'000)
Financial liabilities					
Other financial Liabilities					
SOFP line Item:					
Loans and borrowings - Current	24	3,670,553	2,712,300	3,670,553	2,712,300
Trade and other payables	27	2,337,256	2,019,160	1,478,331	1,361,755
Other financial liabilities including derivatives - Current	25	-	-	1,203	930
Amounts due to related parties	28	-	-	211,145	164,571
Income tax payable	29	82,031	83,968	-	-
Dividend payable	30	11,365	15,152	11,365	15,152
Bank overdrafts	22.2	15,443	80	5,385	-
Total		6,116,648	4,830,660	5,377,982	4,254,708

31.2 Financial instruments Carried at Fair Value

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation techniques.

Level 01 : Quoted (unadjusted) prices in active market for assets or liabilities.

Level 02 : Other techniques for which all inputs with significant effect on the recorded fair values are observable either directly or indirectly.

Level 03 : Techniques that use inputs that have significant effect on the recorded fair value that are not based on observable market data.

	Group			Company		
	Level 01 (Rs. '000)	Level 02 (Rs. '000)	Level 03 (Rs. '000)	Level 01 (Rs. '000)	Level 02 (Rs. '000)	Level 03 (Rs. '000)
As at 31st December, 2019						
Financial assets						
Unquoted equity investments - unquoted shares	-	-	18,020	-	-	18,020
Fair value through profit or loss investments	-	50,475	191,693	-	-	-
	-	50,475	209,713	-	-	18,020
Financial liabilities						
Corporate guarantee	-	-	-	-	-	1,203
	-	-	-	-	-	1,203
As at 31st December, 2018						
Financial assets						
Unquoted equity investments - unquoted shares	-	-	17,981	-	-	17,981
Fair value through profit or loss investments	-	98,295	137,830	-	-	-
	-	98,295	155,811	-	-	17,981
Financial liabilities						
Corporate guarantee	-	-	-	-	-	930
	-	-	-	-	-	930

31.3 Valuation Technique and Significant Unobservable Inputs

Following table shows the valuation technique used in measuring level 1, 2 & 3 fair value as well as the significant unobservable inputs used, including a sensitivity analysis on possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, on Profit & Loss.

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement	Profit/(loss) Increase Decrease
01 Unquoted equity instruments	Net Assets per share basis In the absence of any other appropriate valuation technique, the unquoted investments have been valued using above method.	Not applicable	Not applicable	Not applicable
02 Investment in unit trusts	Available market prices for Unit trusts as at 31st December, 2019 from the valuation reports provided by the unit trust.	Not applicable	Not applicable	Not applicable
03 Investment in quoted debentures	Available quoted market trading prices for Debentures as at 31st December, 2019 adjusted using a price formula using similar treasury bond's yield, due to unavailability of subsequent trades after Debenture issue date.	Not applicable	Not applicable	Not applicable

32. FINANCIAL RISK MANAGEMENT

In the course of its business, the Group is exposed to a number of risks arising from its use of financial instruments, including:

- Credit risk
- Liquidity risk
- Market risk
 - (i) Currency risk
 - (ii) Interest rate risk

The Group has trade and other receivables, other financial assets including loans given to employees and cash and short term investments that arise directly from its operations. The Group also holds investments valued at fair value through other comprehensive income and enter into derivative transactions. The Group's principal financial liabilities comprise of short term borrowings, trade and other payables and other financial liabilities.

This note represents qualitative and quantitative information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedure for measuring and managing risks.

Notes to the Financial Statements

Risk management framework

The board of directors has the overall responsibility of establishing and overlooking the Group's Risk Management Framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

32.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including trade receivables, short term investments and other financial assets.

The Group trades only with recognized, creditworthy third parties. It is the group policy that all balances are monitored on an ongoing basis (approval procedures) and obtaining bank guarantees from third parties when required, result that the Group's exposure to bad debt is not significant. The Group limits its exposure to credit risk by investing only in short term liquid assets with the counter parties that have an existing business relationship. The maximum credit risk exposure of the financial assets, without considering collateral (if any) of the Company and the Group are approximately their carrying amounts as at statement of financial position date.

32.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

As at 31st December,	Group		Company	
	2019 (Rs. '000)	2018 (Rs. '000)	2019 (Rs. '000)	2018 (Rs. '000)
Trade and other receivables	3,712,262	3,228,404	3,278,459	2,854,447
Other financial assets including derivatives	1,237,987	792,272	870,252	776,310
Investments classified as fair value through profit or loss	242,168	236,125	-	-
Cash at bank	4,317,361	4,905,293	3,977,782	4,106,303
Amount due from related parties	-	-	83,933	147,238
Investments classified as fair value through OCI	18,020	17,981	18,020	17,981
Total exposure to the credit risk	9,527,798	9,180,075	8,228,446	7,902,279

Impairment losses

The Company and the Group establishes an allowance for impairment that represents its estimate of expected losses in respect of Trade Receivables. Since the Company and Group operates in an environment where each customer contract is different, developing an allowance matrix as a whole would be impracticable. Therefore the Board of Directors has decided to assess each receivable separately based on the segment, age of customer relationship, historical data of payment statistics as at every reporting date.

The aging of trade and other receivable at the reporting date was:

Age	Group Gross Amount (Rs. '000)	Company Gross Amount (Rs. '000)
Within 180 days	2,237,136	2,084,890
181-365 days	858,815	784,947
More than 365 days	322,126	306,418
	3,418,077	3,176,255

32.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

To measure and mitigate liquidity risk, the Group monitor its net operating cash flow, maintain a sufficient level of cash and cash equivalents and secured committed funding facilities from financial institutions.

Followings are the contractual maturity of financial liabilities as at 31st December 2019:

Financial liabilities	Group		Total (Rs. '000)	Company		Total (Rs. '000)
	Less than one year (Rs. '000)	More than one year (Rs. '000)		Less than one year (Rs. '000)	More than one year (Rs. '000)	
Other financial liabilities	6,101,205	-	6,101,205	5,372,597	-	5,372,597
Bank overdrafts	15,443	-	15,443	5,385	-	5,385
	6,116,648	-	6,116,648	5,377,982	-	5,377,982

Following are the contractual maturity of financial liabilities as at 31st December 2018:

Financial liabilities	Group		Total (Rs. '000)	Company		Total (Rs. '000)
	Less than one year (Rs. '000)	More than one year (Rs. '000)		Less than one year (Rs. '000)	More than one year (Rs. '000)	
Other financial liabilities	4,830,580	-	4,830,580	4,254,708	-	4,254,708
Bank overdrafts	80	-	80	-	-	-
	4,830,660	-	4,830,660	4,254,708	-	4,254,708

32.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc.; will effect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Notes to the Financial Statements

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases, borrowings and investments that are denominated in a currency other than the functional currency which is Sri Lankan Rupees (LKR).

The risk is minimized by hedging the currency either by forward foreign exchange contracts in respect of actual or forecasted currency exposures or hedge naturally by a matching sales and purchases or matching assets and liabilities of the same currency and amounts.

The principal exchange rates used by the Group for conversion of foreign currency balances and transactions, for the year as follows:

Currency	Average rate		Closing rate (Spot)	
	2019	2018	2019	2018
U. S. Dollar	178.90	161.01	181.50	183.00
Euro	200.43	189.82	203.26	209.24
Singapore Dollars	131.20	119.53	134.80	134.08
Japanese Yen	1.64	1.46	1.67	1.66

Sensitivity analysis

A strengthening or weakening of Sri Lankan Rupees as indicated below, against the major foreign currencies as at 31 December 2019 would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Increase/(decrease) in principal exchange rates (5% movement)	Effect on Profit before Tax	
	Strengthen (Rs. '000)	Weakening (Rs. '000)
As at 31st December 2019		
U. S. Dollar	275,028	(275,028)
Euro	23,428	(23,428)
Singapore Dollars	(6,599)	6,599
As at 31st December 2018		
U. S. Dollar	270,839	(270,839)
Euro	24,486	(24,486)
Singapore Dollars	(5,240)	5,240

(ii) Interest rate risk

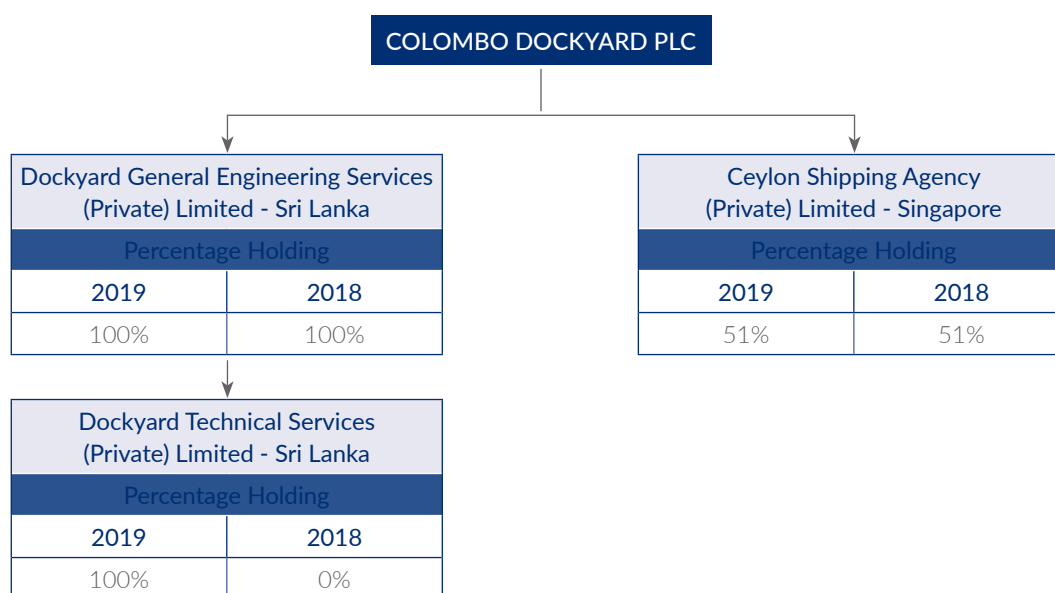
Interest rate risk is the risk that the fair value of the future cash flows of financial instruments fluctuate because of changes in market interest rates. The group exposed to the risk of changes in market interest rates relates primarily to the Group's short term debt obligation and investments with variable interest rates. Group does not have any variable rate long term borrowings or investments as at the reporting date, which results material interest rate risk.

The Group utilise various financial instruments to manage exposures to interest rate risks arising due to financial instruments.

The following table demonstrates the Group sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Profit before tax:

Increase/(decrease) in variable interest rates (100 basis points movement)	Effect on Profit before Tax	
	Strengthen (Rs. '000)	Weakening (Rs. '000)
As at 31st December 2019		
On variable rate instruments -USD	182	(182)
As at 31st December 2018		
On variable rate instruments -USD	26,335	(26,335)

33. LIST OF SUBSIDIARIES



Notes to the Financial Statements

34. NON-CONTROLLING INTEREST

	Principal place of business	Operating segment	Ownership interest held by Non Controlling Interest	
			2019	2018
Ceylon Shipping Agency (Private) Limited	Singapore	Trading agent	49%	49%

The following is summarized financial information of Ceylon Shipping Agency (Private) Limited, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before intercompany eliminations.

31st December	2019 (Rs.'000)	2018 (Rs.'000)
Revenue	863,483	986,943
Profit	8,214	11,990
Profit attributable to Non Controlling Interest	4,025	5,875
Other comprehensive income	-	21,967
Total comprehensive income	8,214	33,957
Total comprehensive income attributable to Non Controlling Interest	4,025	16,639
Current assets	261,325	258,387
Non-current assets	195	31
Current liability	(94,903)	(102,271)
Non-current liability	-	-
Net asset	166,617	156,147
Net asset attributable to Non Controlling Interest	81,642	76,512
Cash flow from operating activities	49,149	57,252
Cash flow from investing activities	52	85
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	49,201	57,337
Dividend paid to Non Controlling Interest during the year	-	-

35. CONTINGENT LIABILITIES

(a) On behalf of Colombo Dockyard PLC, banks have given Bank Guarantees to the Company's suppliers / customers amounting to Rs. 7,036,622 (2018 - Rs. 6,209,312,000) as at the reporting date.

Bank	Letter of credit (Rs.'000)	Performance & bid bonds (Rs.'000)	Advance and Retention Bonds (Rs.'000)	Miscellaneous Bonds (Rs.'000)	Total (Rs.'000)
Bank of Ceylon PLC	225,232	85,036	57,127	44,812	412,207
Commercial Bank PLC	566,120	105,569	-	-	671,689
National Development Bank PLC	-	-	-	11,200	11,200
Standard Chartered Bank	-	-	-	5,941,526	5,941,526
	791,352	190,605	57,127	5,997,538	7,036,622

- (b) Colombo Dockyard PLC has issued Corporate Guarantees behalf of its Subsidiary amounting to Rs. 1,077,000,000 (2018 - Rs. 1,077,000,000) as at the reporting date.

Name of the Company	Relationship (Rs.'000)	Miscellaneous (Rs.'000)	Total (Rs.'000)
Dockyard General Engineering Services (Private) Limited	Subsidiary	1,077,000	1,077,000
	-	1,077,000	1,077,000

(c) Legal Cases

- I. Action filed to recover the cost incurred by the company from NKM Warehouse & Logistics (Pvt) Ltd during cleanup process due to oil spillage, DMR 1420/2017. Settled in January 2020
- II. Appeals filed against the High Court orders to Supreme Court in respect of termination of employment -SC 49/2015 (Pending Proceedings)

The company's legal professionals are of the opinion that the Company will be able to defend against the these cases. Therefore no provision is made for contingent liabilities in the financial statements.

36. CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors as at 31 December 2019.

37. TRANSACTIONS WITH RELATED PARTIES

All related party transaction were carried out on an arms length basis an in the ordinary course of business.

Company	Name of Common Directors	Nature of Interest	Particulars of Financial Dealings	Value of Transaction (Rs.'000')
Dockyard General Engineering Services (Pvt) Ltd	Mr. D.V. Abeysinghe	Subsidiary	Heavy Engineering Income	42,561,520
	Mr. H. Tanaka		Fess for management services	916,837
	Mr. K. Nayakarathne		Lease rental income	1,748,102
	Mr. K. Kanaya		Dividend income	-
			Purchase of materials	2,492,228
			Obtaining sub contracting services	133,513,841
			Bond handeling cost	1,431,068
			Transport cost	7,242,335
Ceylon Shipping Agency (Pte) Ltd	Mr. H. Tanaka	Subsidiary	Purchase of Material	780,515,597
	Mr. D.V. Abeysinghe			
	Mr. Sarath De Costa			
Dockyard Technical Services (Pvt) Ltd.	Mr. D.V. Abeysinghe	Sub-subsidiary	Supply of multi skilled labour	33,753,805
	Mr. H. Tanaka			
	Mr. K. Nayakarathne			
	Mr. K. Kanaya			
Onomichi Dockyard Company Ltd	Mr. T. Nakabe	Parent	Obtaining technical services	107,345,000

Notes to the Financial Statements

This note should be read in conjunction with Note Nos. 21 and 28 to these Financial Statements.

The Board of Directors are of the opinion that the related party transactions of the Company and Group during the financial year have been reviewed by the Related Party Transaction Review Committee and are in compliance with Section 9 of the CSE Listing Rules.

During the year ended 31 December 2019, the Group only carried out related party transactions which were recurrent in nature, the aggregate of which did not exceed the threshold of 10% of the gross consolidated revenue or income, thereby being in compliance with Section 9 of the CSE Listing Rule.

(A) Transactions with Key Managerial Personnel

According to Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures, Key Management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors), Chief Executive Officer and the General Managers of the Company who are in the very next level to the Board of Directors have been classified as Key Management Personnel of the Company / Group.

(i) Loans to the Directors

No loans have been granted to the Directors of the Company.

(ii) Compensation paid to Key Management Personnel

For the year Ended 31st December,	2019 Rs.'000	2018 Rs.'000
Short Term Employment Benefit	73,107	65,567
Total Employment Benefit	73,107	73,546

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Managerial Personnel other than those disclosed in Note 37(A) to these Financial Statements.

38. IMPACT OF COVID-19 ON COLOMBO DOCKYARD PLC AND ITS SUBSIDIARIES

38.1 The impact of COVID-19 pandemic on the business/operations of the Company and its subsidiaries

With the enforcement of island wide curfew from Mid-March 2020, Company's (and group's) all types of engineering activities got severely hampered since the Company was not in a position to deploy adequate work force for production work. Travel embargoes between countries and closure of international ports and airports also had a significant negative impact on Company's business operations.

As similar trend continued till end of May, the Company only performed essential ship repair and maintenance activities during that period, strictly adhering to the health guidelines issued by government authorities and the operational guidelines issued by the Board of Investment (BOI) for export-oriented companies. During the lockdown period (Mid-March to End-May) the ship repair segment was operated at around 20% - 30% of its normal capacity while the other segments were below 5%.

Management continued with its marketing, design and finance activities during the lockdown period providing its staff the necessary facilities to work from home. The Company started normalizing its business operations from the month of June and currently operating its all business segments at around 70% - 75% of its normal capacity, strictly adhering to all the health guidelines issued by government authorities.

38.2 The Company's (and its subsidiaries) Response to the Impact of the COVID - 19 Pandemic

Management set a high priority to ensure the health and safety of all its employees and other stakeholders including sub-contractors, suppliers and customers. The Company appointed a risk management representative committee for COVID-19 under the supervision of Chairman and MD/CEO to closely monitor the situation, identify any possible risks and ensure the compliance with the safety requirements. All business locations are well equipped with all the required infrastructure and processes in order to provide very safe environment to all the stakeholders.

From the business point of view, board and the management had critically assessed the current situation and took number of steps to minimize the impact of the crisis. Also, the Company has enhanced its marketing activities and be ready to seize the opportunities that may arise with the post COVID new normal. The followings are such key steps taken at present.

- Stringent cost reduction initiatives without compromising Company's engineering capabilities in the long run.
- Postpone the repayment of working capital loans under the available debt moratorium schemes; in order to match the cash flows.
- Stopped all the non-urgent capital expenditures
- No new recruitments for 2020
- Maintain regular contacts with customers and prioritize debt collection
- Re-engineer production process with the available work force
- Enhance the IT infrastructure in order to facilitate working from home where possible

38.3 The Company's and the group expectation of the future impact of the COVID - 19 on the company's future operations and the financial conditions

Market situation is gradually improving as of now and the Company is starting to receive new inquiries for its shipbuilding, ship repairing, heavy engineering and general engineering segments. Also, the Company has accelerated the production work of four of its ongoing shipbuilding projects.

The management expects greater improvement in revenue and financial results from the third quarter of 2020 and hence confident that Colombo Dockyard PLC will certainly bounce back stronger.

38.4 Impact on COVID-19 Pandemic on Significant Accounting Policies and Estimates

38.4.1 Property, plant and equipment (Impairment)

The Company does not foresee any indications of impairment of property plant and equipment as at the reporting date due to the COVID-19 pandemic, and Group of Companies functions under the business continuity plans as per the Company risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives.

38.4.2 Inventories

The management has assessed the necessities of adjusting the carrying value of the inventory due to the COVID-19 Pandemic. It was decided that there were no requirements to adjust the carrying value of inventories considering the types and nature of inventories available as at the reporting date.

Notes to the Financial Statements

38.4.3 Trade and Other Receivable

The Company's simplified Expected Credit Loss model is based on the provision metrics which allowed to use under the practical expedient of SLFRS 9. As part of the Company wide spend control and cash management efforts to manage the COVID-19 impact on working capital and collections, the individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers. The Company assessed how the timing and amount of cash flows generated by outstanding trade receivables might be affected and decided that the existing provisioning levels are adequate even considering the new risks come along with the COVID-19 pandemic, consider the types and nature of its receivables.

38.4.4 Non- Controlling Interests

Having evaluated the business continuity plans and the cash flows (where necessary) of Ceylon Shipping Agency Pte Ltd (Singapore), the Company determined that no impairment provision is required for the carrying value of non-controlling interests due to the COVID-19 pandemic as at the reporting date.

38.4.5 Employee Benefits

There was sudden fall in capital markets and the decline in high-quality corporate bond rates that has occurred as a result of COVID-19. Therefore, the Group has considered the impact on the defined benefit obligations with the independent actuarial specialists as at the reporting date. Since the complexity of the valuation and the underlying assumptions are based on long-term indicators including the application of risk discount rate which is formulated on the market yield of long-term government and corporate bonds, there is no significant impact on the retirement benefit obligation from COVID-19 pandemic as at the reporting date.

38.4.6 Currency Risk

The Group has been closely monitoring the impact of the COVID-19 pandemic on the exchange rates and its exposure to currency risk arising from the unanticipated fluctuations aftermath of the outbreak. Risk management strategies are formulated by taking into consideration the revised foreign currency denominated cash flow forecasts and aligning with recovery strategies employed by the Group. Attention is also given to measures taken by the regulatory bodies to manage the exchange rates.

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclosure in the Financial Statements, other than which are mentioned in note No 38 regarding the impacts on COVID-19 pandemic

40. COMPARATIVE INFORMATION

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to confirm to current year's classification.

TEN YEARS FINANCIAL SUMMARY

Income Statement For the year ended 31st December	2019 Rs. Mn	2018 Rs. Mn	2017 Rs. Mn	2016 Rs. Mn	2015 Rs. Mn	2014 Rs. Mn	2013 Rs. Mn	2012 Rs. Mn	2011 Rs. Mn	2010 Rs. Mn
Revenue	10,145	13,169	12,052	9,973	14,407	13,707	15,861	15,728	12,195	14,057
Cost of Production	(10,038)	(12,232)	(10,607)	(8,736)	(13,616)	(12,508)	(14,246)	(13,028)	(10,164)	(10,978)
Gross Profit	107	937	1,445	1,237	791	1,199	1,615	2,700	2,031	3,079
Other Expenses	(2,274)	(1,986)	(1,918)	(1,828)	(1,714)	(1,607)	(1,697)	(1,411)	(1,193)	(1,579)
Profit before Other Income	(2,167)	(1,049)	(473)	(591)	(923)	(408)	(82)	1,289	838	1,500
Other Operating Income	166	1,060	202	143	170	347	536	470	641	147
PROFIT FROM OPERATION	(2,002)	11	(271)	(448)	(753)	(61)	454	1,759	1,479	1,647
Net Interest Costs	190	160	197	10	59	281	279	144	(83)	174
Profit before Tax	(1,812)	171	(74)	(438)	(694)	220	733	1,903	1,396	1,821
Taxation	(123)	(27)	(69)	6	(14)	(11)	91	(14)	43	193
NET PROFIT FOR THE YEAR	(1,935)	144	(143)	(432)	(708)	209	824	1,889	1,439	2,014
Retained Profit b/f	8,160	8,108	8,302	8,722	9,646	9,724	9,507	7,829	6,937	5,363
Profit available for Appropriation	6,225	8,252	8,159	8,290	8,938	9,933	10,331	9,718	8,376	7,377
Issue of Bonus Shares	-	-	-	-	-	-	-	(34)	-	-
Final Dividends/ Other Comprehensive Income	(107)	(92)	(51)	12	(216)	(287)	(575)	(411)	(547)	(547)
	6,118	8,160	8,108	8,302	8,722	9,646	9,756	9,273	7,829	6,830
As at 31st December	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS										
Property Plant & Equipment	4,231	4,049	3,806	4,038	4,328	4,281	4,147	3,900	2,514	2,254
Investments & Taxes	920	695	608	594	523	520	532	522	486	131
	5,151	4,744	4,414	4,632	4,851	4,801	4,679	4,422	3,000	2,385
Current Assets										
Inventories	505	718	647	1,235	985	956	753	1,202	638	624
Trade & Other Receivables	4,984	5,491	7,002	11,005	9,503	8,052	7,467	8,051	6,684	5,251
Cash & Cash Equivalent	3,986	4,115	4,642	2,110	1,870	2,631	3,329	3,864	3,892	5,933
	9,475	10,324	12,291	14,350	12,358	11,639	11,549	13,117	11,214	11,808
TOTAL ASSETS	14,626	15,068	16,705	18,982	17,209	16,440	16,228	17,539	14,214	14,193
EQUITY & LIABILITIES										
Stated Capital	714	714	714	714	714	714	714	714	684	684
Other Reserves	(2)	93	16	15	15	15	14	10	9	-
Revenue Reserves	6,112	8,160	8,108	8,302	8,722	9,646	9,756	9,362	7,829	6,830
Share Holders Fund (Net Worth)	6,826	8,967	8,838	9,031	9,451	10,375	10,484	10,086	8,522	7,514
Non-Current Liabilities										
Interest bearing Borrowings	167	-	-	-	-	-	-	52	161	61
Retirement benefit Obligation	860	842	899	839	870	857	816	931	963	951
	1,027	842	899	839	870	857	816	983	1,124	1,012
Current Liabilities										
Trade & Other Payables	3,086	2,531	3,448	1,676	2,332	1,958	2,760	4,548	3,920	4,732
Interest bearing Borrowings	3,671	2,713	3,494	7,410	4,507	3,221	2,141	1,880	538	897
Income Tax Payable	-	-	-	-	-	-	-	16	46	-
Dividends Payable	11	15	26	26	40	27	23	19	17	15
Bank Overdraft	5	-	-	-	9	2	4	7	47	23
	6,773	5,259	6,968	9,112	6,888	5,208	4,928	6,470	4,568	5,667
	14,626	15,068	16,705	18,982	17,209	16,440	16,228	17,539	14,214	14,193

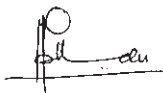
NOTICE OF ANNUAL GENERAL MEETING

COLOMBO DOCKYARD PLC
(Company Registration No. PQ 50)
P.O. Box 906, Graving Docks, Port of Colombo, Colombo 15

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of Colombo Dockyard PLC will be held at the Grand Ballroom, Galadari Hotel, No.64, Lotus Road, Colombo 1, Sri Lanka at 10.00 a.m. on the 25th August 2020 for the following purposes.

1. To receive the Report of the Directors on the Affairs of the Company, the Audited Accounts for the year ended 31st December 2019 and the Report of the Auditors
2. To re-elect Mr. Lalith Ganlath in terms of Article 87 of the Articles of Association of the Company.
3. To re-elect Mr. H A R K Wickramathilake in terms of Article 87 of the Articles of Association of the Company.
4. To re-appoint Messrs. KPMG the retiring Auditors and authorize the Directors to fix their remuneration.
5. To authorize the Directors to determine donations for the year 2020 and up to the date of the next Annual General Meeting.

By order of the Board
COLOMBO DOCKYARD PLC



Manori Mallikarachchi
Company Secretary

4th August 2020
Colombo, Sri Lanka

Notes

- 01) Any member, entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of him/her.
- 02) A proxy need not be a member of the Company.
- 03) The Form of Proxy is enclosed for this purpose.
- 04) The completed Form of Proxy must be deposited at the Registered Office of the Company Graving Docks, Port of Colombo, Colombo 15, Sri Lanka, not later than 45 hours prior to the time appointed for the holding of the meeting.

Please bring your National Identity Card when attending the meeting.

NOTES

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FORM OF PROXY

COLOMBO DOCKYARD PLC
 (Company Registration No. PQ 50)
 P.O. Box 906, Graving Docks, Port of Colombo, Colombo 15

I/We

(NIC No.)..... of

being a member/ members of Colombo Dockyard PLC, hereby appoint,

..... of

(or failing him/her)

- | | |
|------------------------------|-----------------------------|
| Mr. H. Tanaka | of Colombo (or failing him) |
| Mr. Sarath de Costa | of Colombo (or failing him) |
| Mr. D. V. Abeysinghe | of Colombo (or failing him) |
| Mr. T. Nakabe | of Colombo (or failing him) |
| Mr. K. Kanaya | of Colombo (or failing him) |
| Mr. Lalith Ganlath | of Colombo (or failing him) |
| Mr. H.A.R.K. Wickramathilake | of Colombo (or failing him) |
| Mr. H A Karunaratne | of Colombo (or failing him) |
| Mr. M. S. A. Wadood | of Colombo |

as my/our Proxy to represent and speak and vote for me/us* and on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on 25th August 2020 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereon.

In witness my/our* hands this day of Two Thousand Twenty.

.....

Signature

Notes:

* Delete what is not applicable
 Instructions as to completion appear overleaf.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company, Graving Docks, Port of Colombo, Colombo 15, Sri Lanka on or before forty five hours before the time appointed for the meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your proxy, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointor is a Company/incorporated body, this Form must be executed in accordance with the Articles of Association/ Statute.

Please fill the details :

Share Certificate No./CDS Account No :

Name :

Address :

Jointly with :

/

CORPORATE INFORMATION

NAME OF COMPANY

Colombo Dockyard PLC

LEGAL FORM

A Public Quoted Company with Limited Liability. Incorporated and domiciled in Sri Lanka.

COMPANY REGISTRATION NUMBER

PQ 50 Founded 1974

BOI REGISTRATION NUMBER

A Licensed Enterprise under section 17 of the Board of Investment of Sri Lanka (formerly GCEC) Law No. 4 of 1978 Registration No. 91/17/03/1983.

TAX REGISTRATION NUMBERS

VAT - 124085896-7000
SVAT - SVAT 000846
Income tax - 124085896-0000
ESC - 124085896-8000
NBT - 124085896-9000

DIRECTORS

H. Tanaka

Chairman

Sarath de Costa

Vice-Chairman

D. V Abeyasinghe

Managing Director/CEO

T. Nakabe

K. Kanaya

Lalith Ganlath

H. A. R. K Wickramathilake

H. A. Karunaratne

M. S. A. Wadood

Y. Saki

Alternate Director

AUDIT & REMUNERATION COMMITTEE

H. A. R. K Wickramathilake (*Chairman*)

Lalith Ganlath

Sarath de Costa

RELATED PARTY TRANSACTION COMMITTEE

H. A. R. K Wickramathilake (*Chairman*)

Lalith Ganlath

Sarath de Costa

D. V. Abeyasinghe

COMPANY SECRETARY

Mrs. Manori P. Mallikarachchi

Graving Docks, Port of Colombo,

Colombo 15, Sri Lanka

CORPORATE MANAGEMENT

D. V. Abeyasinghe

Managing Director/CEO

K.B.P Fernando

Chief Operating Officer

W. M. De Silva

*General Manager (Human Recourse
Redevelopment & Administration)*

R. M. V. Rathnayake

General Manager

(Supply Chain Management)

Lal Hettiarachchi

General Manager (Projects & Engineering)

M. Rohan De Silva

General Manager

(Finance & System Implementation)

T. S. Godakumbura

General Manager (Design & New

Constructions)

S. G. Senadheera

General Manager (Ship Repair Production)

P. D. Gihan Ravinatha

Chief Financial Officer

Manori P. Mallikarachchi

Legal Consultant/Company Secretary

AUDITORS

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar

Mawatha, Colombo 3, Sri Lanka.

ACCOUNTING YEAR END

31st December

REGISTRARS

P & W Corporate Secretarial (Pvt) Ltd,

No.3/17,

Kynsey Road,

Colombo 8.

SUBSIDIARY COMPANIES

Dockyard General Engineering Services (Pvt) Ltd.

223, Jayantha Mallimarachchi Mawatha,

Colombo 14, Sri Lanka. www.dges.lk

Ceylon Shipping Agency (Pte) Ltd

No. 35, Selegie Road # 09-16, Parklane

Shopping Mall

Singapore - 188307.

Dockyard Technical Service (Pvt) Ltd

223, Jayantha Mallimarachchi Mawatha,

Colombo 14, Sri Lanka.

BANKERS

Bank of Ceylon

People's Bank

Commercial Bank of Ceylon PLC

State Bank of India

Sampath Bank PLC

National Development Bank PLC

Hatton National Bank PLC

Standard Chartered Bank

CONTACT DETAILS

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