



The Height of **Resilience**

Colombo Dockyard PLC | Annual Report 2024



The Height of **Resilience**

The year 2024 has been the toughest in Colombo Dockyard's recent history, pushing us to our limits like never before. This year, we faced challenges that required the most drastic measures in our history, testing our resilience and strength. Yet, in the face of adversity, we stood tall.

"The Height of Resilience" reflects not just our ability to survive, but to thrive. We made tough decisions to protect our future, ensuring we emerged stronger, more agile, and more unified than ever before.

This report highlights how we navigated these unprecedented times, transforming obstacles into opportunities, and reaffirming our unwavering commitment to excellence and innovation. Resilience is not just our response; it is the foundation upon which **we continue to build our future.**



Continue to uphold dominance in the specialized market segments of cable laying vessels and eco-friendly dry bulk carriers, both of which are experiencing upward growth trends.



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“ Sri Lanka’s foremost engineering powerhouse, driving innovation in shipbuilding, ship repairs, heavy and offshore engineering”

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Rs. 25.5 Bn

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Maximized Dock Utilization Through Innovation, Precision, And Global Deliveries

“ 99% utilization of four dry docks due to Construction and Delivery of 03 Hybrid 5000DWT Bulk Carrier vessels to Norway, completing 183 ship repair jobs and constructions of one underwater gallery structure to Maldives”

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“ Showcased financial discipline and a commitment to value creation for our stakeholders.”

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“ Upholds strong corporate governance based on accountability, transparency, participation, and sustainability. Guided by integrity and professionalism, and supported by robust policies and controls, the Group is committed to protecting and enhancing long-term shareholder value”

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Structured Risk Management for Resilient

“ Adopts a comprehensive risk management framework to mitigate potential environmental, social, governance, operational, business, and financial threats to its operations”

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Who we are

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 (Pvt) Ltd, Dockyard Total Solutions (Pvt) Ltd and Ceylon Shipping Agency (Pte) Ltd in Singapore, to deal with heavy engineering for local Customers to provide skilled technical services 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.

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 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.

Sri Lanka's foremost engineering powerhouse, driving innovation in shipbuilding, ship repairs, heavy and offshore engineering

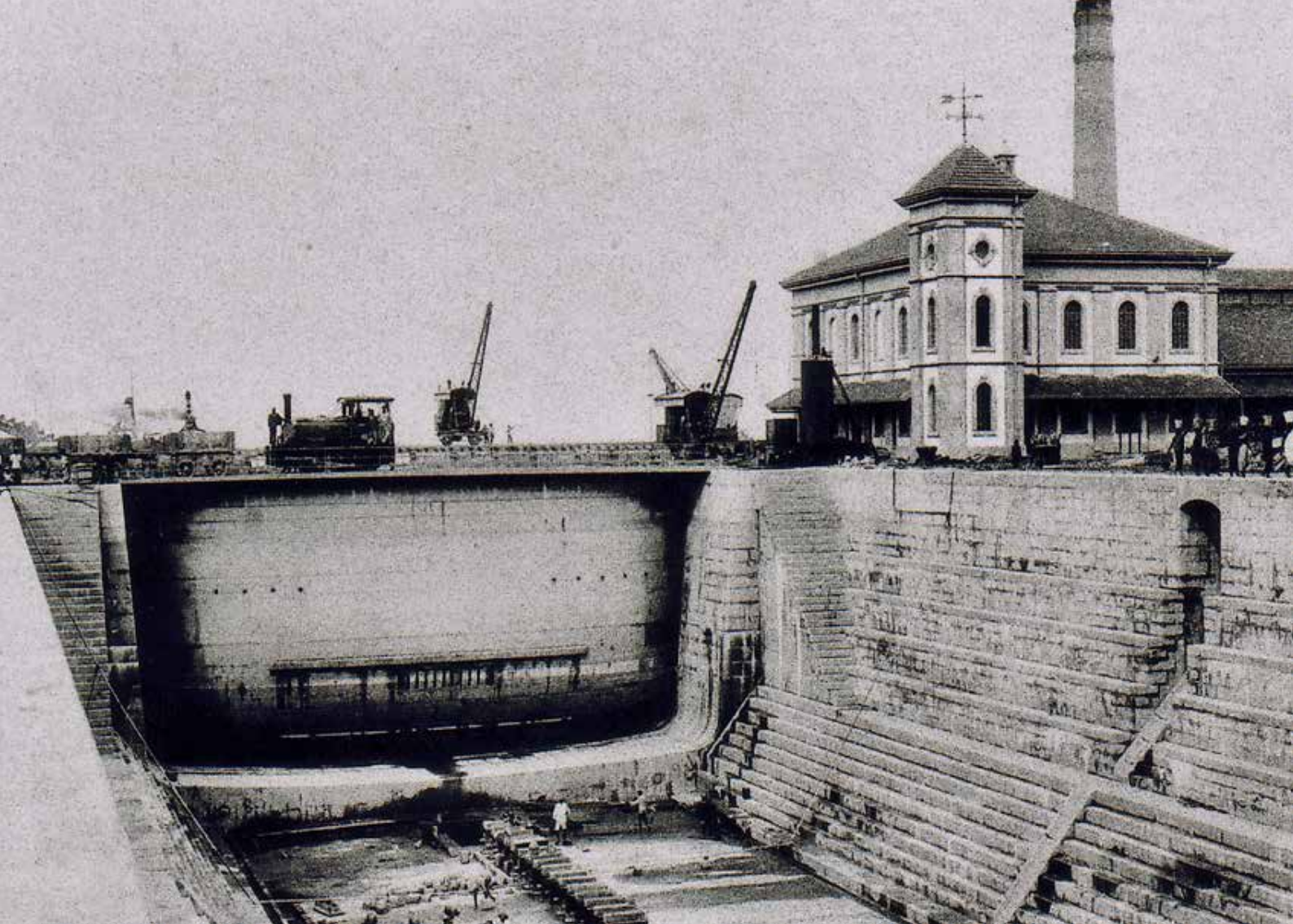
Vision

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.

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;

- Satisfy 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 healthy and safe working conditions at every work location and strive to protect the environment as well as health and safety of stakeholders in accordance with fulfillment of applicable Legal & other requirements

Colombo Dockyard PLC shall:

- Provide safe machinery, plant, equipment and competencies to prevent work related injury, ill health and environmental impacts by eliminating hazards and reducing occupational health and safety risks.
- Minimize probable impacts to the environment through pollution prevention and other specific commitments including reduction of natural resource consumption through reduction, reuse and recycle of waste.
- Set Health, Safety and Environmental objectives, enhance environmental performance, analyze outcomes of HSE objectives and continually improve processes through an effective management system with the consultation and participation of workers.

Corporate Profile

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

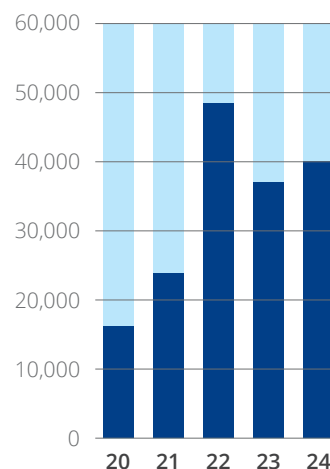
- Flexibility
- Innovation
- Being Customer Centric
- Environmentally Friendly
- People Focused

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

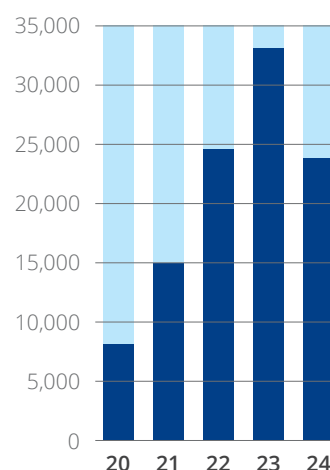
Financial Highlights (Company)

Results for the Year	2024 Rs. Mn	2023 Rs. Mn	Change Rs. Mn	%
Revenue				
Ship Repairs	14,188	15,863	(1,675)	(11)
Shipbuildings	8,962	16,973	(8,011)	(47)
Heavy Engineering	579	265	314	118
	23,729	33,101	(9,372)	(28)
Export Revenue	22,200	31,724	(9,524)	(30)
Local Revenue	1,529	1,377	152	11
Gross Profit /(Loss)	119	(6,962)	7,081	(102)
Profit /(Loss) before Tax	(4,894)	(13,578)	8,684	(64)
Taxation	2,137	2,451	(314)	(13)
Net Profit /(Loss) after Tax	(2,757)	(11,127)	8,370	(75)
Local Value Addition	12,842	13,599	(757)	(6)
Employees Salaries & Benefits	6,678	6,716	(38)	(1)
Financial Position				
Total Assets	40,310	36,049	4,261	12
Total Liabilities	37,609	35,575	2,034	6
Share Holders' Fund	2,701	473	2,228	471
Net Cash & Cash Equivalents	6,150	4,304	1,846	43
Information Per Ordinary Share				
Earnings (Rs.)	(38)	(153)	115	(75)
Net Assets (Rs.)	38	6	32	533
Market Value (Rs.)	66	51	15	29
Market Capitalization Rs. Mn	4,735	3,629	1,106	30
Financial Ratios				
Net Profit after Tax (%)	(12)	(33)	21	(64)
Return On Investment (%)	(7)	(31)	24	(77)
Return On Assets (%)	(6)	(31)	25	(81)
Interest Cover (Times)	(1)	(5)	(4)	(80)
Return On Equity (%)	(102)	(2,350)	2,248	(96)

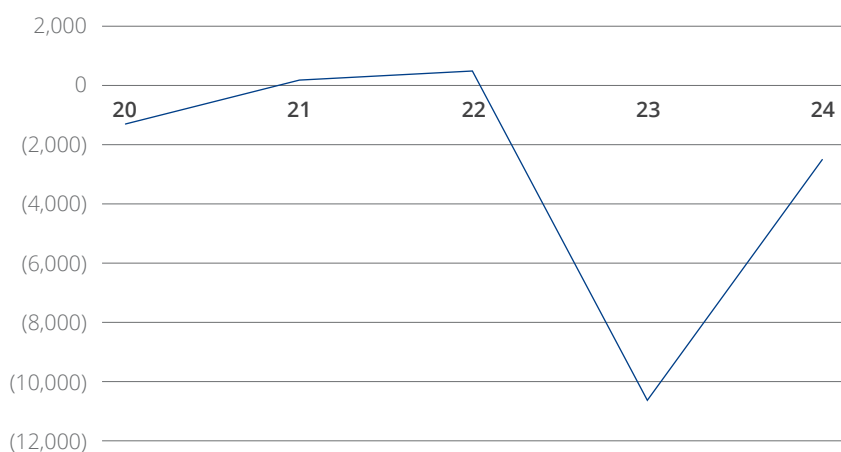
Total Assets (Rs.Mn)



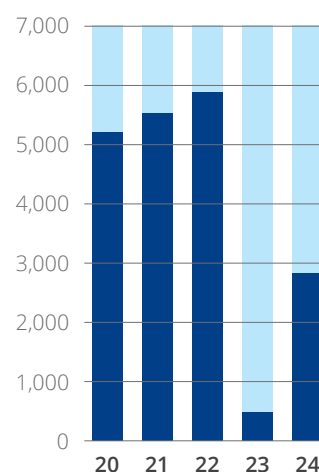
Total Revenue (Rs.Mn)



Profit After Tax (Rs.Mn)



Share Holders Fund (Rs.Mn)



The Operational Impact Of 365 Days

Over the past 365 days, Colombo Dockyard continued to play a pivotal role in the region's maritime infrastructure, completing major shipbuilding projects, enhancing operational efficiency, and sustaining high safety and environmental standards despite global market fluctuations.



Rs. 23,729 Mn

Total Revenue

The Company managed to reach total revenue of Rs. 23,729 Mn during the year 2024.



183 Repairs

Completion of Ship Repairs

Successfully completed 183 ship repair jobs during the year 2024.



3 Nos

Delivery of New Vessels

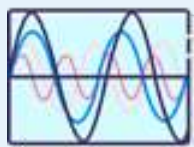
Successfully delivery of three vessels in one financial year. All Three vessels were delivered for a Norway client.



3,000

Direct Employment

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



0.2%

Major Accident Frequency

Major accident frequency rate has reduced from 0.6% to 0.2% in 2024



99%

Dry Dock Utilization

Achieved 99% dry dock occupancy for all dry docks.



1,000

Workforce Training

The company has provided training facilities for 1000 trainees from various government and private institutions



Rs. 451 Mn

Capital Expenditure

The company added above capital values for yard productivity improvements and infrastructure development during the year 2024



87%

Foreign Revenue

Export earnings generated in 2024 was over 87% of the total Revenue.



54%

Local Value Addition

Company's operation generates over 50% local value addition



Continue to uphold dominance in the specialized market segments of cable laying vessels and eco-friendly dry bulk carriers, both of which are experiencing upward growth trends.



Chairman's Review



Successfully navigated a challenging global environment marked by geopolitical tensions, climate disruptions, and trade route complexities. Despite rising costs and uncertainty, by focusing on innovation, specialization, and agility we delivered advanced vessels to the market to remain cautiously optimistic and reinforce our competitive edge. We remain cautiously optimistic and are guided by a forward-looking strategy aimed at strengthening our presence in high-growth sectors while deepening regional integration and expanding infrastructure to support long-term sustainable growth.



The concluding financial year was one of the most challenging and traumatic years in Colombo Dockyard PLC's history. The Company faced many challenges during the year including continued losses, continuing inability of Sri Lankan banks to issue guarantees that are recognized around the world as well as the exit of the main shareholder Onomichi from the board of directors of the Company. Despite all of these difficulties the company also saw some positive developments with operational restructuring resulting in early delivery of vessels compared to previous delays, and process of finding a strategic investor to invest into the Company showing very positive results.

Amidst this uncertainty, our employees, management and other stakeholders demonstrated resilience, discipline, and a clear commitment to operational excellence. On behalf of the Board of Directors, I extend my deep appreciation to all who supported our journey—shareholders, clients, employees, regulatory bodies, and our wider community.

GLOBAL AND LOCAL ENVIRONMENT ANALYSIS

The year 2024 presented a turbulent global economic landscape, with ongoing geopolitical tensions, climate-driven disruptions, and trade route vulnerabilities creating significant operational complexity across the shipping and maritime engineering sectors. We witnessed the constriction of major supply arteries like the Suez and Panama Canals, and a dramatic rerouting of maritime traffic, which imposed cost escalations and operational uncertainty on shipowners worldwide.

While the global shipping industry struggled to regain stability, Sri Lanka entered a phase of macroeconomic recovery. The country recorded a 5.0% GDP growth rate, supported by improvements in manufacturing, construction, and services. Inflation fell markedly, interest rates declined, and the Sri Lankan rupee appreciated. These macro-stabilization efforts laid the groundwork for improved investment confidence, particularly in infrastructure and industrial sectors.

FINANCIAL POSITION

The financial position of the Company remains vulnerable, with the immediate need for financial restructuring and support in securing high value orders through the provision of internationally recognized bank guarantees. The management and board of directors feel confident that the plan of action put in place will be adequate to stabilize and resurrect the Company, if implemented on a timely basis. However, given the large amounts of bank borrowings required to sustain the Company, a real risk remains in the event of any delay in this process.

CHANGES TO MANAGEMENT AND RESTRUCTURING

In view of the above financial problems, Colombo Dockyards PLC, Onomichi Dockyards Company Ltd and their respective advisors spent most of the year 2024 in discussions with various bodies including representatives of the Government of Sri Lanka and the Government of Japan on ways to restructure and rescue the Company. However, by the end of 2024, it became clear that a rescue of the type anticipated would not be possible. Onomichi Dockyards and their advisors were of the view that the Company should try to obtain a compromise with creditors and banks as a means of restructuring while directors from Sri Lanka did not believe that was a viable course of action in the Country.

Onomichi and their directors were of the opinion that it was not possible to find an investors for the Company. In line with this expectation, all directors from Japan stepped down on December 7, 2024 and handed over management to the local directors of the Company. The board of directors then asked me to step in as Chairman of the Company for the purpose of restructuring it and finding a new strategic investor. Shortly thereafter, the Company signed an agreement with Onomichi to find a strategic investor for the Company to buy out their shares and rescue the Company.

The new process to find an investor was initiated with a goal of finding an investor able to buy out Onomichi shares and infuse a minimum of USD 30 million into the Company through a rights issue process. During this process the Company maintained necessary transparency with both Onomichi, as the seller of the shares, and the government of Sri Lanka and the relevant authorities involved in the Shipbuilding industry in the Country. The Company initiated a new process to find investors able to buy out the Onomichi stake and infuse a minimum of USD 30 million into the Company through a rights

issue. A total of 40 formal enquiries were received from both local and foreign investors. Of these 5 final offers were received consisting of 2 local investors and 3 foreign entities. A formal evaluation process by internal and external advisors (HNBIB) was carried out to ensure transparency in the process.

It was observed that both local investors intended to finance their investment into the Company through foreign funds in a manner that would result in control being given to a foreign investor. Therefore, all offers were treated as foreign investors with no possibility of returning control of Colombo Dockyards back to Sri Lanka.

This process resulted in a clear winner and the management is in the process of finalizing the agreements at the time of writing. The Board of Directors remains confident that if this process goes through as planned the Company will be able to overcome all its problems and have a bright future.

OUR OPERATIONAL DIRECTION

In this complex backdrop, Colombo Dockyard PLC maintained a disciplined and forward-thinking strategy. We remained focused on building our competitive edge through innovation, specialization, and operational agility. Our teams delivered three advanced hybrid vessels to Norwegian clients, executed 183 ship repair projects across multiple ports, and advanced our capacity in niche sectors like cable-laying and offshore support vessels.

We expanded afloat repair services to strategic locations such as Hambantota and Trincomalee, enhancing our national service footprint. In the heavy engineering sector, we successfully executed landmark projects in Burundi and the Maldives, reflecting our ability to deliver complex infrastructure solutions in diverse markets. These milestones illustrate the effectiveness of our integrated business model and our capacity to evolve in step with global market demands.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OVERVIEW

At Colombo Dockyard, we view ESG not as a compliance obligation but as an operational imperative. In 2024, we continued our focus on reducing our environmental impact by advancing energy efficiency initiatives and investing in green shipbuilding capabilities. We maintained full certification under ISO 14001:2015 for Environmental Management, ISO 45001:2018 for Occupational Health and Safety, and ISO 50001:2018 for Energy Management.

Chairman's Review

Our social commitments remained equally strong. We provided comprehensive training programs, supported employee well-being, and extended CSR activities across underserved communities. Our safety performance improved notably, affirming the strength of our proactive, risk-based safety culture. We also rolled out organizational transformation initiatives that empowered employees and deepened our internal dialogue on transparency, inclusion, and continuous improvement.

CORPORATE GOVERNANCE

Throughout the year, the Board of Directors upheld the highest standards of corporate governance, reinforcing oversight, risk management, and ethical conduct across the organization. We continued to refine our risk governance framework in line with ISO standards and ensured robust controls across financial, operational, and strategic domains. During this period of transition—including the withdrawal of our long-standing majority shareholder, Onomichi Dockyard Company Limited—we remained fully committed to sound governance practices, proactive communication, and protecting stakeholder value.

FUTURE OUTLOOK

Looking ahead, we remain cautious yet optimistic. The maritime sector will continue to face uncertainty in 2025, influenced by regulatory shifts, evolving global trade patterns, and rising environmental expectations. However, Colombo Dockyard enters this next phase with a clear strategic trajectory. We will strengthen our presence in high-growth niches such as hybrid technology propelled vessels and offshore energy support ships. We will deepen regional integration, expand infrastructure at Hambantota, and invest in lean management processes and 3D design capabilities to enhance cost efficiency and technical performance.

As we engage with prospective strategic investors, we seek to establish partnerships that will sustain and accelerate our long-term growth, reinforce our export-led value proposition, and align with Sri Lanka's maritime development priorities.

APPRECIATION

On behalf of the Board, I extend our sincere gratitude to all those who contributed to the Company's resilience during this pivotal year. To our outgoing strategic partner, Onomichi Dockyard Company Limited, we express deep gratitude for over three decades of collaboration and trust. To our employees and management team, thank you for your unwavering dedication. To our clients, suppliers, and regulatory agencies, we appreciate your confidence and cooperation. And to our shareholders, we remain committed to safeguarding your trust and delivering long-term value.

We look to the future with focus and determination, ready to transform challenge into opportunity as we continue to shape the maritime industry in Sri Lanka and beyond.



Lalith Ganlath
Chairman

6th June 2025
Colombo, Sri Lanka.

MD's Review



In the face of a highly complex and volatile global environment, we responded with resilience, strategic focus, and disciplined execution. Despite macroeconomic disruptions, and broader global instability, we acted with pragmatic resolve-restructuring operations, enhancing infrastructure, and streamlining workflows to adapt effectively to changing market dynamics. By targeting high-potential market segments we pursued a focused recovery strategy aimed at financial stabilization and unlocking new growth opportunities. Looking ahead, we aim to diversify into greener shipbuilding, reinforcing its commitment to innovation and industry leadership.



It is with pleasure that I present the financial and non-financial developments of the financial year 2024, as we transition into a new phase of growth in our journey.

In 2024, Colombo Dockyard PLC (CDPLC) faced a landscape of exceptional complexity. Nevertheless, we responded with resolve, strategic focus, and operational discipline. We encountered macroeconomic disruption, shareholder transition, and global instability-but we acted with prudent pragmatism and resilience. We strengthened our internal structures, recalibrated our operational priorities, and reaffirmed our commitment to sustainable growth. This message outlines our journey through these challenges and highlights how we plan to build on this momentum for the future.

STRATEGIC OVERVIEW AND PERFORMANCE OUTLOOK

Throughout 2024, we responded to persistent economic headwinds by implementing a comprehensive strategic realignment. We reviewed our operational model, enhanced our infrastructure, and introduced streamlined workflows to adapt more effectively to

shifting market conditions. These actions strengthened our ability to operate with agility and deliver value in an uncertain environment.

We continued to pursue high-potential market segments where we hold a competitive advantage. Our team successfully leveraged our technical and engineering capabilities to expand our presence in niche segments, including cable-laying vessels for telecom and energy sectors, service operation vessels (SOVs) for offshore wind farms, offshore support vessels for the oil and gas industry, and underwater structures for luxury tourism. We view these sectors as pivotal to our future and remain focused on strengthening our leadership in these domains.

OPERATIONAL AND FINANCIAL PERFORMANCE

In 2024, we improved our financial performance over the previous year by reducing operational losses and tightening our cost controls. Although we reported a net loss of Rs. (2,757.4) Mn, we implemented timely corrective actions that helped us navigate mounting project pressures, cost escalations, and economic volatility.

Leadership

MD's Review

In the shipbuilding sector, we delivered three 5,000 DWT Eco Bulk Carriers equipped with hybrid battery energy systems to a longstanding Norwegian client. These deliveries marked the sixth vessel in a ten-ship series and underscored our ability to meet project timelines despite global supply chain constraints.

We also achieved a strong performance in our ship repair operations. Our team repaired 183 vessels, including 74 dry dock projects and 109 afloat repairs, surpassing the previous year's volume. We expanded afloat repair services to additional locations across Sri Lanka-including Galle, Hambantota, and Trincomalee-which enabled us to serve a wider client base and boost revenue outside of traditional dry dock operations.

In heavy engineering, we completed the Slipway Facility Development Project in Bujumbura, Burundi, covering design, fabrication, and installation. We also designed and installed an underwater gallery structure for a luxury resort in the Maldives, opening new opportunities in specialized marine infrastructure.

NAVIGATING EXTERNAL PRESSURES

We actively managed the effects of the ongoing Russia-Ukraine conflict and European inflation, which significantly disrupted shipping timelines and increased the cost of raw materials and machinery. These conditions placed pressure on our project budgets and procurement schedules. In response, our teams worked closely with suppliers, optimized logistics routes, and adjusted production timelines to maintain delivery reliability and cost efficiency.

STRATEGIC SHAREHOLDER TRANSITION

On December 7, 2024, our long-term majority shareholder, Onomichi Dockyard Company Limited of Japan, formally ended its 31-year management engagement with CDPLC. Following this transition, we launched a search for a new strategic investor to strengthen our capital base and secure the continuity of operations. We engaged with several interested parties and initiated negotiations aimed at forming a long-term partnership that aligns with Sri Lanka's maritime development goals.

ROADMAP FOR RECOVERY AND TRANSFORMATION

We developed a clear and focused recovery strategy to stabilize our financial position and unlock new growth opportunities. We began negotiations with financial institutions to reschedule debt and simultaneously engaged strategic investors for equity infusion. We applied lean management principles to reduce overheads, restructured procurement to capitalize on bulk discounts, and shifted our commercial strategy to

prioritize higher-margin shipbuilding and repair projects. We also launched aggressive market entry efforts in India, the Middle East, Southeast Asia, and Europe to expand our international footprint. To improve capacity and productivity, we invested in advanced fabrication technologies, introduced 3D modeling into the design process and carried out process re-engineering.. We will also look at diversifying our portfolio into greener shipbuilding using hybrid propulsion systems and other new technologies. These initiatives reflect our forward-looking approach and our determination to lead transformation in the maritime engineering industry.

COMMITMENT TO STAKEHOLDERS

Our stakeholders remained at the heart of our efforts throughout the year. Our employees displayed unwavering loyalty and resilience, and we responded by enhancing their welfare, compensation, and workplace safety. We retained our ISO 45001:2018 certification and upheld our commitments to environmental and quality standards under ISO 14001:2015, ISO 9001:2015, and ISO 50001:2018.

We also maintained close collaboration with clients, shareholders, financial partners, and regulatory bodies, ensuring operational continuity and governance compliance during this critical period. We recognize and value the support we received from all stakeholders.

ACKNOWLEDGMENTS

As we close one of the most challenging chapters in our history, I extend my sincere appreciation to Onomichi Dockyard Company Limited for their three decades of support. I also thank our Chairman and Board of Directors for their steady guidance and our employees and subcontractors for their tireless commitment. I thank our clients for their trust and loyalty and acknowledge the Government of Sri Lanka, BOI, EDB, SLPA, the Navy, Customs, our banking partners, and the diplomatic missions of Japan, India, and France for their continuous cooperation.

We look ahead with optimism. With a clear strategy, strong fundamentals, and a committed workforce, we are confident that we will build a future defined by resilience, innovation, and sustainable growth.



Thimira. S. Godakumbura
Managing Director/CEO

6th June 2025
Colombo, Sri Lanka.

Board of Directors 2024



Lalith Ganlath
Chairman

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 and D.G. Plantations (Pvt) Ltd.



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., Life Member - Japan Sri Lanka Technical Co-operation and Member - Sri Lanka Japan Friendship Society. He is the Vice President of Sri Lanka- Japan Business Co-operation Committee.

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.

Leadership

Board of Directors 2024



Thimira S. Godakumbura

Managing Director/CEO

*BSc. Eng. (UoM). MBA(PIM-USJ).
C.Eng., FIE(SL), FRINA(UK)*

Mr. Godakumbura obtained BSc. Eng. Degree in Mechanical Engineering from the University of Moratuwa, Sri Lanka in 1999 and started career in 2000 as Trainee Engineer at Colombo Dockyard PLC (CDPLC). He has gained vast experience and knowledge in Ship Building and Ship Repairing industry with local and overseas training including in Onomichi Dockyard, Japan and Dry Dock World, UAE.

He obtained Masters Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayawardenepura.

He is a Chartered Mechanical Engineer and a Corporate Member and a Fellow of the Institution of Engineers Sri Lanka and a Fellow Member of the Royal Institution of Naval Architects, United Kingdom. He is also serving as a Member of the Indian Committee of Nippon Kaiji Kyokai (ClassNK, Japan), South Asia Committee of Det Norske Veritas (DNV, Norway) and South Asian Advisory Committee of Lloyds' Registrars (LR, UK).

He is serving as the Chairman of Dockyard General Engineering Services (Pvt) Ltd, Director of Dockyard Total Solutions (Pvt) Ltd, Ceylon Shipping Agency Pte Ltd. (Singapore) and Sri Lanka Port Management & Consultancy Services Ltd.



C. C. Wickramatileka

Director

Appointed to the CDPLC Board in December 2023.

Mr. Wickramatileka is a CFA Charter holder, an Associate Member of the Institute of Chartered Accountants of Sri Lanka, an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a bachelor's degree in management from the University of London.

Having started his career in Auditing with Ernst and Young and moving to PriceWaterhouseCoopers as an Associate Consultant, he has since accumulated extensive experience in senior management roles in the fields of construction, heavy engineering, FMCG and manufacturing.

He currently holds the positions of Director and Chief Financial Officer of Mercantile Shipping Company PLC, Managing Director of Royali Group of Companies and Director Finance and Administration of Ceylon Eco Spices Group of Companies.



Nihal D Liyanage
Director

Superintendent of Employees Provident Fund
Department of Central Bank of Sri Lanka

Appointed to CDPLC Board on 29th November 2022.

Mr. Nihal D Liyanage is the Superintendent attached to the Employees' Provident Fund Department of the Central Bank of Sri Lanka (CBSL). He has also served to the Economic Research Department, Public Debt Department and Regional Development Department during his 24 years service in the Central Bank of Sri Lanka. Mr. Liyanage served as the SAARCFINANCE Coordinator of Sri Lanka from year 2015 to 2018 and represented the CBSL in several national level steering committees. He served as a lecturer at the Mathematics Department of the University of Colombo before joining the Central bank in 2000.

Mr. Liyanage graduated from the University of Colombo with a First Class honours degree in Mathematics, Special. He received a Postgraduate Diploma in Business Statistics from the University of Sri Jayawardenepura and a Master of Arts Degree in Policy Economics, from Williams College, USA.



V. G. L. A. Jayawardena
Director

Appointed to the CDPLC Board on 7th September 2020

Mr. V.G.L.A. Jayawardena is a professional Executive in Information Technology, ERP, and Project Management with 23 years of experience across business domains such as Telecommunications, Manufacturing, Sales & Distribution, Capital Markets, and Insurance. He is currently serving as Chief Information Officer at Sri Lanka Insurance Corporation.

He holds a BSc in Management Information Systems from University College Dublin, Ireland, and an MBA from the University of Southern Queensland, Australia. He has also obtained a Postgraduate Diploma in Business and Finance from the Institute of Chartered Accountants of Sri Lanka. He is a PMP-certified Project Manager, a CISM-certified Information Security Manager (USA), and a SAP-certified Sales and Distribution Consultant. Additionally, he has completed his MSc in Data Science from Cardiff Metropolitan University, UK, and is currently reading for a Doctorate in Business Administration at ASIA eUniversity, Malaysia.

Board of Directors 2024



C A M Jayamaha

Director

ATTORNEY-AT-LAW

LL.B. (Hons.) (London), LL.M. (Colombo) MBA (AeU)

Appointed to CDPLC Board on 6th March 2024.
Mr. Jayamaha counts over 20 years of practice as an Attorney-at-Law. He is a Civil/Commercial Lawyer specializing in litigation and Arbitrations.

His vast areas of expertise include Banking and Finance, Insurance, Intellectual Property, Shipping Law, Construction Law, Land Law, Sports Law and Labour disputes. He is also retained as a consultant for several Corporate entities, Incorporated Associations and Trusts.

He currently serves as a member of the National Sports Council.

He holds a Bachelor of Laws degree (LL.B) from the University of London with Second Class Honours, a Masters Degree in Law (LL.M) from the University of Colombo and a Masters degree in Business Administration (MBA) from the Asia E University of Malaysia. He passed the final year examination at the Incorporated Council of Legal Education (Sri Lanka Law College) with first class honours.

Corporate Management Team



Thimira S. Godakumbura

Managing Director/CEO

BSc. Eng. (UoM). MBA(PIM-USJ).

C.Eng., FIE(SL), FRINA(UK)

Mr. Godakumbura obtained BSc. Eng. Degree in Mechanical Engineering from the University of Moratuwa, Sri Lanka in 1999 and started career in 2000 as Trainee Engineer at Colombo Dockyard PLC (CDPLC). He has gained vast experience and knowledge in Ship Building and Ship Repairing industry with local and overseas training including in Onomichi Dockyard, Japan and Dry Dock World, UAE. He obtained Masters Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayawardenepura.

He is a Chartered Mechanical Engineer and a Corporate Member and a Fellow of the Institution of Engineers Sri Lanka and a Fellow Member of the Royal Institution of Naval Architects, United Kingdom. He is also serving as a Member of the Indian Committee of Nippon Kaiji Kyokai (ClassNK, Japan), South Asia Committee of Det Norske Veritas (DNV, Norway) and South Asian Advisory Committee of Lloyds' Registrars (LR, UK).

He is serving as the Chairman of Dockyard General Engineering Services (Pvt) Ltd, Director of Dockyard Total Solutions (Pvt) Ltd, Ceylon Shipping Agency Pte Ltd. (Singapore) and Sri Lanka Port Management & Consultancy Services Ltd.



Mangala De Silva

General Manager (Human Resource Development & Administration)

PhD (PIM-USJ), MBA (PIM-USJ), M.LRHRM (Colombo),

Dip.M(CIM-

UK), Adv Dip in Bus. Admin (ABE-UK), MCPM, MISM (SL),

Attorney-at-Law

He has over 32 years of experience serving in the fields of Legal and Compliance, Human Resources Management, and Business Administration within the CDPLC group. He has completed professional post graduate/ advanced diplomas in Marketing (1994) from Chartered Institute of Marketing (United Kingdom), and Business Administration (1995) from the Association of Business Executives (United Kingdom). He took oaths as an Attorney at Law from the Supreme Court of Sri Lanka in the year 2000. He completed his MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura in 2003 and the Masters in Labour Relations & HRM from the University of Colombo in 2016. Being a life member of the Bar Association of Sri Lanka and PIM Alumni Association, he possesses full memberships in the Institute of Chartered Professional Managers and Sri Lanka Institute of Service Management. He has been trained in Japan under AOTS programs in Solving Human & Organizational Problems (Nagoya, 2004) and Industrial Relations & HRM (Tokyo, 2019). He obtained his PhD in Business Administration from the Postgraduate Institute of Management, University of Sri Jayawardenepura in 2022.

Leadership

Corporate Management Team



R. M. Vajira Rathnayake

General Manager (Supply Chain Management)

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

He obtained his Bachelor of Science degree from the University of Kelaniya, Sri Lanka, in 1995 and his Master of Business Administration (MBA) from the University of Southern Queensland, Australia, in 2011. Additionally, he obtained a Graduate Diploma in Marketing Management from the Singapore Institute of Management in 2002 and a Diploma in Shipping Law and Practice from the Institute for the Development of Commercial Law & Practice (ICLP) & Ceylon Chamber of Commerce (CCC), Sri Lanka, in 2015. He joined Colombo Dockyard PLC in 1996 and during his tenure spanning over 27 years at Colombo Dockyard PLC, he held several responsible positions, including Executive (Hull Treatment), Manager (Ceylon Shipping Agency (Pvt) Ltd., Singapore a subsidiary of the company located in Singapore, Assistant Manager (Technical Planning), Head of Project Procurement, Acting General Manager (Logistics) in the Supply & Material Control Division of CDPLC before being appointed as General Manager (Logistics) in 2014. Later he was reappointed as General Manager (Supply Chain Management) in 2016 and as General Manager (Yard Development) in March 2022. He currently holds a position of an external board member of the Faculty of Computing and Technology of the University of Kelaniya, Sri Lanka and a member of the Industry Advisory Board of the same faculty. He is also an Associate Member of the Singapore Institute of Management. He is a member of the Chartered Professional Managers, Sri Lanka.



S. G. Senadeera

General Manager (Ship Repair Business)

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 tearing from JASTECA in Japan (one month). He is having more than 30 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
General Manager (Finance) / Chief Financial Officer
FCA. CIM (UK), MBA (PIM - USJ)

Over 21 years' experience in the field of Finance, with 8 years in the audit sector and 13 years at Colombo Dockyard PLC. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a member of the Chartered Institute of Marketing of United Kingdom. He Obtained Master's Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayewardenepura.



Prabath. S. Abeysinghe
General Manager (Yard Development)
*MSc. Eng. (USSR), MBA (PIM- USJ),
 CLSSBB (SSMI)*

Mr. Prabath Abeysinghe joined Colombo Dockyard PLC in 1995 as a Trainee Engineer after graduating from East Ukrainian State University (USSR). While working in CDPLC, he successfully followed and obtained MBA from PIM, University of Sri Jayewardenepura. He has also successfully completed overseas and local training in multiple disciplines including JASTECA Program on Quality Management (Yokohama- Japan), Lead Auditor course in OHSAS-18000 under Lloyd's Registry, NDT Level II courses as per ISO-9712 in RT, UT, MT & PT in National Center for NDT of Sri Lanka. Internally, in recognition of his contribution towards QMS, he was awarded as best internal Auditor in 2011. He was also selected as a Role Model in Engineering Versatility in 2012 for setting an example to next generation of Engineers. He is also a founding Board Member of Manufacturing & Engineering Services Industry Sector Council (MESSCO) and actively contributing towards TVT sector under the auspices of TVEC & NAITA. Externally he was felicitated by TVEC & NAITA in 2017 for his continuous contribution towards setting up National Competency Standards. Being a constant learner, in January 2025 he obtained CLSSBB - Certified Lean Six Sigma Black Belt qualification from SSMI

His career transitioned from Maintenance, Machine Shop & Business Departments where he has held varied scope of responsibilities occupying many positions and served as Asst. Production Manager (Workshops), Quality Control Manager & Head of Technical Training before being appointed as Asst. General Manager (Ship Repair Production) in 2018. In 2022 He was reappointed as Actg. General Manager (Production) with wider scope amalgamating the responsibilities of both Ship Repairs and New Construction. In 2023 he was re-appointed and continues as of today as General Manager (Yard Development) overseeing Maintenance, Civil Development, Energy and Environmental aspects of the organization.

Leadership

Corporate Management Team



K. N. G. W. Kariyawasam
General Manager (Production)

B.Sc(Hons)

Mr. Kariyawasam is promoted as General Manager (Production) in 2023 while completing 22 years of experience in the fields of ship repairing shipbuilding, ship conversions and offshore conversions. He obtained his degree in the field of Mechanical Engineering from University of Moratuwa in year 2000. Just after graduation, he started his career from Colombo Dockyard as a Trainee Engineer in hull repair Department. He continued to gain experience and exposure in Ship repairing field, at Colombo Dockyard as well as in foreign entities such as Drydocks World – Dubai, UAE and Bharat Heavy Electrical Ltd., India. He has broadened his experience profile in ship conversions, offshore conversions and shipbuilding by joining Mecator Ltd, India in 2008. He actively involved in VLCC conversions in China at the capacity of Manager – Steel Conversions, Site Construction Manager for a Drilling Rig conversion project in UAE for ONGC and delivering lub oil tankers and offshore supply vessels in the capacity of Head of the Production Division. With the broaden exposure, he rejoined Colombo Dockyard in 2019 as a Ship Repair Manager and held Asst. Production Manager (Steel), Manager (Ship Repairs), Asst. General Manager (Ship Repairs), Asst. General Manager (New Building) positions before being promoted as General Manager



Manori Mallikarachchi
Legal Consultant/Company Secretary
Attorney at - Law & Notary Public

Joined CDPLC in 1996. Has over 28 years of experience at CDPLC in the field of Legal, Secretarial & Compliance.



N. M. K. B. Nayakarathne

Managing Director/CEO (Dockyard General Engineering Service (pvt)Ltd)

B.Sc. Eng.(Hon)

He obtained his B.Sc. Engineering (Hon) from University of Moratuwa in 1986. He has more than 39 years' experience in the fields of shipbuilding, ship repair, heavy engineering, general engineering, and marketing. He has served in Colombo Dockyard PLC and its subsidiaries for 33 years, holding numbers of senior management positions and also, he has 2 years of foreign experience in the port maintenance sector.



M. Rohan De Silva

General Manager (Dockyard Total Solutions (Pvt) Ltd)

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

Joined Colombo Dockyard PLC in 1988 and has over 32 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 (U K). Member of Certified Professional Managers. Trained in General Management at National University of Singapore (NUS). He has served in Colombo Dockyard PLC and its subsidiary for 35 years, holding number of senior management positions in Finance and Administration activities.





Demonstrated resilience and strategic agility amidst global economic uncertainties and industry-specific challenges



Management Discussion & Analysis

INTRODUCTION

Colombo Dockyard PLC (CDPLC) stands at the forefront of Sri Lanka's industrial landscape, powered by exceptional engineering expertise and technological excellence. Strategically located within the Port of Colombo, one of the region's principal maritime hubs near key international sea lanes, the Company plays a vital role in supporting global and regional maritime activity.

CDPLC's core service portfolio encompasses ship repair, design, construction, and a range of related marine engineering services, serving clients across the trade, energy, leisure, and marine transportation sectors. The Company operates four graving dry docks, with a maximum capacity of 125,000 DWT, under a joint collaboration with Onomichi Dockyard Co. Ltd., Japan-a partnership that strengthens operational capabilities and reinforces international standards.

With a legacy spanning over three decades, Colombo Dockyard has consistently driven growth through knowledge advancement, process standardization, and a culture of innovation. This foundation continues to position the Company as a trusted and resilient maritime engineering partner, both regionally and globally.

GLOBAL ECONOMY AND SHIPPING ENVIRONMENT

Economic landscape

The global economy in 2024 navigated a complex and turbulent course, shaped by evolving geopolitical tensions, climate-related disruptions, and macroeconomic uncertainty. Key trade arteries such as the Suez Canal, Panama Canal, and the Red Sea have come under mounting pressure from regional conflicts and climate-induced challenges. The shipping industry-deeply integrated into the fabric of global trade-has been particularly vulnerable, with the impact manifesting through both operational disruptions and rising costs.

Shipping traffic through critical chokepoints saw dramatic declines during the year. By mid-2024, vessel capacity through the Gulf of Aden fell by 76%, while tonnage passing through the Suez Canal dropped by 70%. These blockages forced rerouting around the Cape of Good Hope, with arrivals up 89%, consequently increasing global ton-mile demand by 3% and container ship demand by 12%. These longer voyages have directly inflated fuel, wage, and insurance costs, while escalating emissions. For instance, a large container vessel rerouted around Africa now incurs over \$400,000 in added emissions-related costs under the European Union's Emissions Trading System.

Demonstrated resilience and strategic agility amidst global economic uncertainties and industry-specific challenges.

Leadership in shipbuilding and ship repair by leveraging its advanced engineering capabilities and a commitment to sustainability

Dominate specialized market segments, including cable-laying vessels and eco-friendly dry bulk carriers

Strategic focus on technological excellence, efficient supply chain management, and data-driven decision-making has been pivotal in navigating the volatile global economy

Fitch Ratings' recent revision of its outlook on global container shipping from 'deteriorating' to 'stable' reflects a more balanced view of sectoral performance. Tankers and bulk carriers are expected to remain resilient, buoyed by stable demand and geopolitical re-routings, while container shipping faces headwinds from overcapacity in 2025 due to new vessel deliveries. This bifurcation underscores the differing trajectories within the broader shipping sector.

Geopolitical impact

The global shipping sector remains highly exposed to geopolitical developments due to its dependency on narrow chokepoints and its central role in international supply chains. In 2024, the continuation of the Ukraine conflict supported elevated tanker freight rates, while the Red Sea disruptions hit container shipping disproportionately. Any easing of these conflicts may normalize the heightened freight rates, though this would take time even after resolutions are achieved.

The ongoing trade policy shifts in 2025, could dampen global trade demand. However, strategic 'just-in-case' supply chain planning and re-routing of trade lanes may offset some of these risks in the short term. Meanwhile, small island developing States and low-connectivity economies remain especially vulnerable, as rising costs continue to erode their trade competitiveness and economic stability.



Freight Dynamics

Freight rates surged in 2024 amid port congestion, rerouting, and increasing operational costs. The Shanghai Containerized Freight Index (SCFI) more than doubled compared to late 2023, with spot rates on several routes reaching levels unseen since 2022. These surges, if sustained, will likely have inflationary consequences. The United Nations Trade and Development forecasts a 0.6% increase in global consumer prices by 2025 due to rising shipping costs, with small economies such as island States potentially facing even greater price hikes, especially for processed food.

Sustainability and regulatory impact

Shipping contributes approximately 3% of global greenhouse gas emissions. In 2024, the aging global fleet continued to expand slowly, growing 3.4%, with only 14% of new vessels alternative fuel-ready. The slow pace of decarbonization-hindered by high costs, regulatory uncertainty, and low scrapping rates-poses risks of rising compliance expenses and potential market penalties as environmental standards tighten.

Efforts to decarbonize are further complicated by infrastructure and technological gaps. Investments in dual-fuel engines, shore power connectivity, and green fuels are increasingly essential, particularly as global regulatory pressure mounts under frameworks like the IMO's decarbonization goals and regional initiatives such as the EU ETS.

Technological Advancements

Digitalization remains pivotal to alleviating port inefficiencies and coping with rising shipping volumes. Ports in Asia continue to lead in adopting smart technologies such as AI, blockchain, and automation, achieving improved transshipment times and cargo visibility. Africa has also made progress, with notable infrastructure investments in dry ports in Kenya and Ethiopia.

Nevertheless, Caribbean and low-income ports struggle with high operational costs, aging infrastructure, and limited resilience to climate-related risks. This disparity highlights the urgent need for coordinated global investment in maritime infrastructure to support inclusive growth and secure the sustainability of global trade.

OVERVIEW OF THE SRI LANKAN ECONOMY

Sri Lanka's macroeconomic conditions improved considerably in 2024, marking a turning point following two consecutive years of economic contraction. The country recorded a real GDP growth rate of 5.0%, driven by notable improvements in the manufacturing, construction, and services sectors, while the agricultural sector also posted a modest recovery. GDP at current market prices rose to LKR 29,898.6 billion, while GDP per capita increased to USD 4,516. The resurgence in economic activity, underpinned by a strengthening local currency and improved investor sentiment, provided a more stable and supportive backdrop for industrial operations, including those of Colombo Dockyard PLC.

Management Discussion & Analysis

Inflation

Inflationary pressures in Sri Lanka eased significantly during the year under review. While the first quarter experienced temporary inflationary spikes due to increased VAT, removal of certain exemptions, and food price volatility, the remainder of the year saw steady disinflation. Contributing factors included lower global commodity prices, reduced electricity tariffs in March and July, and the continued appreciation of the Sri Lankan rupee.

By year-end, headline inflation, measured by the Colombo Consumer Price Index (CCPI), had declined to -1.7% (from 4.0% at end-2023), while the National Consumer Price Index (NCPI) reached -2.0% (down from 4.2%). On an annual average basis, CCPI- and NCPI-based inflation recorded sharp drops to 1.2% and 1.6% respectively, a marked improvement from the double-digit levels seen in 2023 (17.4% and 16.5%). This deflationary trend enhanced purchasing power and reduced cost pressures for both businesses and consumers.

Interest Rates

Reflecting the improved macroeconomic landscape, market interest rates trended downwards through 2024. The Central Bank of Sri Lanka continued its easing cycle, delivering a cumulative policy rate reduction of 775 basis points since June 2023, of which 125 basis points were implemented during 2024. A notable development was the adoption of the Overnight Policy Rate (OPR) in November, streamlining the monetary framework from a dual to a single policy rate system.

Benchmark rates such as the Average Weighted Call Money Rate (AWCMR) moderated to around 8.00%, indicating better liquidity conditions. Key lending benchmarks also declined: the Average Weighted Prime Lending Rate (AWPR) fell by 3.2 percentage points, while the Average Weighted New Lending Rate (AWNLR) and the Average Weighted Lending Rate (AWLR) declined by 3.6 and 2.3 percentage points, respectively. On the deposit side, the AWDR and AWFDR saw reductions of 4.1 to 5.6 percentage points, with new deposit rates declining similarly.

Although nominal rates fell, real interest rates remained positive, bolstered by deflationary trends. This created a more conducive environment for capital formation and investment, including in sectors central to Colombo Dockyard's operations, such as infrastructure and industrial development.

Exchange Rate

The Sri Lankan rupee strengthened by 10.7% against the US dollar in 2024, ending the year at Rs. 292.58 per USD. This appreciation was supported by robust inflows from worker remittances, tourism earnings, and merchandise exports. The Central Bank actively intervened to build foreign reserves, purchasing a record USD 2.85 billion during the year. The rupee also appreciated against major currencies including the euro, pound sterling, and yen.

The more stable and appreciating exchange rate regime contributed to greater cost predictability, bolstered business confidence, and supported import-dependent sectors by lowering input costs-factors that collectively supported operational continuity and investment planning for Colombo Dockyard PLC.

BUSINESS STRATEGY

Operating in a dynamic and often unpredictable global environment, Colombo Dockyard PLC (CDPLC) continues to steer our business with resilience, foresight, and a commitment to long-term sustainability. The company's strategic direction is shaped by an evolving maritime landscape, characterized by fluctuating market cycles, supply chain complexities, and foreign exchange volatility. Against this backdrop, CDPLC remains focused on strengthening its competitive edge through technological innovation, operational excellence, and a steadfast commitment to quality.

Our strategy is deeply rooted in data-driven decision-making and a forward-thinking vision that integrates risk mitigation with opportunities for growth. We periodically reassess our strategic priorities and align them with global maritime trends to ensure that the organization is well-prepared to thrive under shifting market conditions.

Colombo Dockyard's core philosophy is built around leveraging its technical expertise, experienced workforce, and strong engineering capabilities to create value for its clients while contributing meaningfully to the national economy. The Company's ability to deliver highly specialized shipbuilding and repair solutions positions it as a reliable maritime engineering partner across the Indian Ocean and beyond.

Over the past three decades, CDPLC has established an impressive track record, having successfully repaired and refurbished over 4,300 vessels and built 256 ships for a diverse international clientele. This heritage of excellence reinforces our reputation and provides a solid foundation for future growth.

As we move forward, CDPLC remains committed to:

- Diversifying our project portfolio by penetrating niche and specialized markets, including cable-laying ships, service operation vessels, and LNG carriers.
- Expanding ship repair capabilities through infrastructure enhancements and geographic reach.
- Enhancing operational productivity via digital transformation and lean manufacturing practices.
- Maintaining financial discipline and aligning investments with value creation.
- Sustaining a high-performance culture that prioritizes employee development, safety, and environmental stewardship.

This integrated strategic approach allows Colombo Dockyard to remain agile, relevant, and responsible-ready to seize opportunities as they arise, while remaining grounded in its role as a leading maritime solutions provider in South Asia.

GROWTH STRATEGY AND RISK MANAGEMENT

Colombo Dockyard PLC operates in an inherently high-risk environment given the complex, capital-intensive, and global nature of the marine, shipbuilding, and engineering industries. Our approach to risk management is proactive, embedded into operational processes, and aligned with global standards such as ISO 31000:2009 and ISO 45001:2018. This disciplined framework ensures that we can anticipate, mitigate, and respond to internal and external risks, protecting the Company's long-term value and operational continuity.

Governance and Risk Responsibility

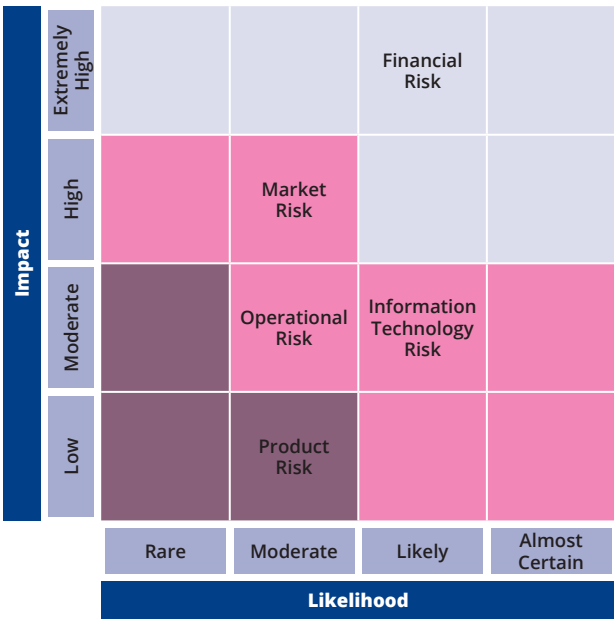
Risk management at CDPLC is overseen by the Board of Directors and sub-committees. Day-to-day implementation is delegated to the General Management team, who continuously assess risk exposure and recommend mitigation strategies. Each division maintains a risk register, updated in accordance with the Quality Management System and reviewed periodically through a structured feedback mechanism.

Training aligned with ISO 45001:2018 principles is conducted for managers, particularly following risk assessments or audits, to ensure awareness and responsiveness.

Risk Culture and Assessment

Mindful of the fact that the ship building industry carries inherent risks, Colombo Dockyard cultivates a risk-aware culture throughout all business units. Employees are encouraged to report risks, while leadership emphasizes two-way communication and transparency.

We apply both qualitative and quantitative assessment tools to evaluate risk. Risks are mapped using a likelihood-impact matrix, enabling prioritization and assessment against our organizational risk appetite.



Risk Management Process



Management Discussion & Analysis

Risk Landscape

We classify our risks into Internal and External categories:

1. Internal Risks

Internal risks refer to challenges that arise from within the organization, including operational issues, workforce challenges, environmental concerns, employee health and safety, and information technology. Here's a breakdown:

- **Operational Risks** involve failures in systems, processes, or internal controls, which can lead to financial loss, safety issues, or disruptions. To manage these risks, we've adopted ISO 9001:2015 standards, embraced continuous improvement through Lean practices, implemented fire safety and emergency drills, maintained high compliance with ISO 45001:2018 for health and safety, established clear SOPs and manuals, conducted independent internal audits, and used insurance for risk transfer.
- **Labour Risks** come from issues such as a unionized workforce, skill shortages, or political influences, which can disrupt productivity or cause strikes. We address these through employee engagement programs, grievance resolution systems, consultative committees, welfare initiatives, and focused training and succession planning.
- **Employee Health & Safety Risks** include workplace injuries or illnesses, which may lead to operational delays and increased costs. We manage these with ISO 45001:2018 certification, regular health and safety training, safety inspections and audits, and emergency drills-especially for hybrid vessel operations.
- **Environmental Risks** arise from emissions, waste, and other pollutants, potentially leading to environmental harm, legal penalties, or reputational damage. We mitigate these by following ISO 14001:2015 environmental standards, complying with national environmental regulations, and conducting air quality and emissions testing.
- **Information Technology Risks** involve the failure or disruption of IT systems, which can result in inefficiencies and data loss. Our safeguards include daily data backups, disaster recovery plans, monthly business continuity assessments, and a strategic ICT roadmap.

2. External Risks

External risks are challenges that come from outside the organization, including market dynamics, financial issues, and product or technology-related concerns. These are managed as follows:

- **Market Risks** arise from global competition, price wars, or regional instability, which can lead to losing market share or reduced pricing power. To address this, we focus on niche market segments, diversify across regions and customer segments, and pursue targeted expansion strategies.
- **Financial Risks** involve changes in interest rates, currency fluctuations, temporary cash flow issues, or customer defaults. These can affect profitability, raise financing costs, and disrupt revenue. Our risk management includes negotiating favorable loan terms, using financial instruments for hedging, matching transactions in foreign currencies, closely monitoring cash flows, maintaining reserves and credit lines, and applying strict credit assessments and contract protections.
- **Product and Technological Risks** relate to meeting regulatory standards and keeping up with new technologies, which, if not managed, could lead to product rejection or harm our reputation. We mitigate these risks by securing certifications from recognized bodies such as DNV-GL, ABS, and BV, and by maintaining ISO 9001:2015-certified quality systems.

Strategic Risk Mitigation Highlights – 2024/25

- Initiated development of a new workshop at Hambantota Port, enabling regional afloat repair capability
- Successfully drydocked the longest vessels ever serviced by Colombo Dockyard, demonstrating technical resilience and capability extension.
- Advanced shipbuilding for niche markets such as telecom cable-layers and service vessels for offshore windfarms, in line with risk-responsive diversification strategies.



Figure 01: Colombo dockyard shipyard aerial view

SHIP REPAIR SECTOR

Achieving targets consecutively

The Ship Repair Sector identified 2024 as a challenging year in terms of meeting its revenue targets. This was primarily due to the drydocking cycle of several key fleets not falling within the year, coupled with market saturation in Ballast Water Management System installations, resulting in a significant gap between targeted and realistically attainable revenue for the year.

Despite these adverse factors, a strong focus on achieving the revenue target was maintained throughout the project lifecycle—from enquiry generation to final project execution. The Ship Repair Division strategically prioritized high-revenue-generating projects, enabling the successful delivery of several complex undertakings. These initiatives marked notable milestones in 2024, while dock occupancy was sustained above 98%, which was instrumental in reaching the revenue target.

Key Operational Initiatives and achievements

In 2024, the number of drydocking repairs completed stood at 74, closely aligning with the 73 repairs carried out in 2023. However, the revenue contribution from these projects showed a noticeable increase. The Rapid Response Afloat Repair Services (RRARS) also managed to handle over 100 afloat repair projects in 2024 (109), despite a slight decline from 112 projects in 2023. Although both the number of projects and revenue from afloat repairs decreased marginally, the overall Ship Repair Sector reported higher revenue compared to 2023, achieved with a similar level of resource input.

In addition to maintaining performance levels, the Ship Repair Division successfully serviced new fleets from emerging client bases during the year. This strategic breakthrough has strengthened the sector's focus on expanding its operational capacity. To this end, key infrastructure augmentation proposals have been outlined, including the acquisition of the South Pier and Guide Pier 2 to accommodate increased drydocking demand, as well as the establishment of a new workshop facility at Hambantota Port to bolster afloat repair capabilities.



Figure 02: Shipyard serving ship repair services to many types of vessels from different regions

Expanding afloat repair facilities

The afloat repair segment has demonstrated a consistent upward trajectory in revenue generation over recent years. While the number of projects remained relatively stable—90 in 2021 and 87 in 2022—the segment recorded substantial revenue growth, indicating improved project value and operational efficiency. In 2023, both the volume of projects (112) and corresponding revenue saw a significant increase, reinforcing the momentum in this line of service.

Recognizing the current limitations in handling long-stay afloat repairs and the increasing need for combined repair capabilities, Colombo Dockyard initiated the construction of a dedicated workshop facility adjacent to the repair pier at Hambantota Port. This initiative marks a strategic step in strengthening the Company's afloat repair capacity and enhancing service responsiveness in the region.

Building on the promotional efforts undertaken in 2022 and 2023 to position the Rapid Response Afloat Repair Services (RRARS) as a dependable solution in the Indian Ocean region, the RRARS team successfully completed 109 afloat repair projects in 2024. Although a number of projects had to be deprioritized in favor of drydocking commitments due to resource allocation constraints, the division maintained its commitment to operational readiness and client service.

Notably, no emergency cases were declined, in line with Colombo Dockyard's core value of ensuring safe and uninterrupted maritime operations across the Indian Ocean. A compelling example of this dedication was the successful repair of a container carrier struck by missiles in the Red Sea, completed well within the quoted timeframe—significantly faster than competing regional shipyards. Such critical cases continue to receive the Company's highest priority and full technical focus.



Figure 03: Bow damage repair on SOL Promise

Management Discussion & Analysis

Key Highlights

The Shipping Corporation of India owns two fully cellular container vessels, each with a Length Overall (LOA) that traditionally exceeds the practical limits for Colombo Dockyard's graving docks. However, through innovative planning and a bold engineering approach, the Ship Repair Division-together with the Planning Department and Dock Master team-successfully undertook the challenge of docking SCI Mumbai, a vessel with an LOA of 262.07 meters, just marginally within the 263-meter length of the graving dock.

Prioritizing safety and guided by technical precision, Colombo Dockyard skillfully positioned the vessel on the blocks and completed the drydocking process successfully, reaffirming its capabilities in managing large-scale projects at the edge of its dock's physical limits.

Following the successful completion of this complex operation, the Shipping Corporation of India placed its continued trust in Colombo Dockyard by awarding the drydocking of SCI Chennai, the sister vessel of SCI Mumbai. These two vessels now hold the distinction of being the longest container ships ever drydocked at Colombo Dockyard-a testament to the Company's engineering excellence, operational agility, and client confidence.



Figure 04: SCI Chennai sitting on blocks in Dock 04

Focused approach to enter selected new Markets and strategies

Through a strategic focus on niche market segments, Colombo Dockyard has successfully positioned itself as a reliable repair hub for Spanish trawlers, earning drydocking survey contracts that included major modifications and retrofitting work. The successful execution of these projects significantly strengthened the Company's reputation for quality, adaptability, and competitive pricing.

This growing recognition extended beyond Spain, attracting vessels from the French fishing fleet to Colombo for drydocking services in 2024. The successful completion of these projects led to further opportunities, as well as strong endorsements from French operators, highlighting Colombo Dockyard's capabilities, reliability, operational flexibility, and cost efficiency.

Building on its established reputation in shipbuilding-particularly in the construction of cable laying and repairing vessels-and the confidence placed by French clients in recent years, the Ship Repair Division secured its first cable-laying ship drydocking project in 2024. The vessel, Ile de Bréhat, operated by Louis Dreyfus (France), marked the Company's entry into a highly specialized and technically demanding segment.

The success of this project has initiated further dialogue regarding upcoming drydockings for similar vessels in 2025 and 2026. The extensive knowledge gained from shipbuilding and the depth of experience in handling specialized vessels position Colombo Dockyard to capture additional opportunities in this emerging high-value segment, particularly for Dock 01, which is well-suited to accommodate such complex vessels.

This targeted approach has enabled the Company to introduce its ship repair capabilities to niche markets, providing these fleets with a strategic option in the Indian Ocean region. The ability to service technically sophisticated cable repair and laying vessels represents a significant breakthrough for the Ship Repair Sector and enhances Colombo Dockyard's standing in specialized maritime engineering services.



Figure 05: The first Cable Laying Ship for repairing in Dock 01

Global Shipping Market trends will be determined by the geopolitics

The volatile state of the global economic landscape is expected to significantly influence the shipping industry in 2025. With leading economies potentially entering recessionary phases-partly driven by escalating tariff wars-uncertainty is likely to persist across global trade routes. This instability within the shipping markets is anticipated to constrain the investment capacity of ship owners, particularly in terms of capital expenditure on fleet upgrades and asset renewal in the medium term.

Table 01- Afloat and Drydock Repairs

		2022	2023	2024
Afloat	No. of Projects	87	112	109
	DWT	2,854,540	5,480,449	4,670,974
	GRT	2,094,914	4,663,397	3,661,160
	Revenue (USD)	4,712,166	6,156,347	5,083,955
Dry Docks	No. of Projects	68	73	74
	DWT	1,287,654	1,370,981	1,308,191
	GRT	864,718	908,580	865,023
	Revenue (USD)	39,326,763	39,837,199	41,604,860
Total	No. of Projects	153	185	183
	DWT	4,142,194	6,851,431	5,979,165
	GRT	2,959,632	5,571,977	4,526,183
	Revenue (USD)	44,038,929	45,993,547	46,688,816

SHIP BUILDING SECTOR

Global & Local market status of shipbuilding (NC Sector)

The year 2024 posed a series of formidable challenges for Colombo Dockyard PLC, as the Company continued to navigate the aftermath of Sri Lanka's financial crisis amid escalating geopolitical tensions and global economic uncertainties. These disruptions had a profound impact on global supply chains and contributed to increased market volatility across the maritime industry.

In response to these dynamic conditions, the Company undertook a series of strategic reviews, rigorously evaluating its core business focus, operational processes, and supporting infrastructure. These assessments informed a range of reform measures aimed at streamlining operations and reinforcing the Company's structural and operational resilience, laying a solid foundation for sustainable future growth.

While the global operating environment remains uncertain, emerging opportunities are both visible and significant. Colombo Dockyard's longstanding heritage, coupled with its deep-rooted engineering expertise, positions the Company advantageously to tap into high-potential market segments. In particular, demand continues to rise for:

- Cable laying vessels serving the telecommunications and energy sectors
- Service operation vessels (SOVs) for offshore wind farm maintenance
- Offshore support vessels (OSVs) for the oil and gas industry

These segments are expected to follow a strong growth trajectory over the coming years. Colombo Dockyard is well-positioned to retain and expand its foothold in these niche, high-value markets, reinforcing its role as a trusted and capable partner in the global shipbuilding arena.

The following table illustrates the Global Cable Laying Vessel Market value, by vessel type from 2020 to 2031, which shows the potential of growth.

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Global Cable Laying Vessel Market Value, by Vessel Type, 2020-2031

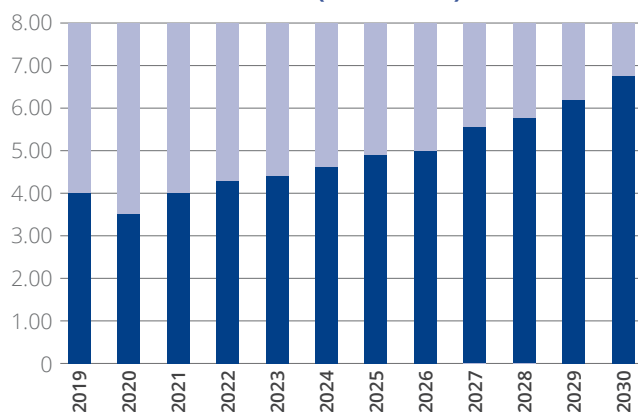
Table: Global Cable Laying Vessel Market Value (US\$ Mn) Forecast, by Vessel Type, 2020-2031

Vessel Type	2020 (A)	2021 (E)	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2028 (F)	2029 (F)	2030 (F)	2031 (F)	CAGR
Cable Laying cable	1,272.1	1,297.7	1,326.8	1,360.7	1,399.7	1,446.6	1,496.7	1,546.5	1,594.3	1,638.3	1,680.3	1,721.6	2.87%
Repairing	1,144.3	1,168.2	1,195.6	1,227.5	1,264.5	1,310.7	1,360.7	1,411.2	1,460.4	1,506.3	1,550.4	1,593.5	3.15%
Total	2,416.4	2,465.9	2,522.4	2,588.2	2,664.2	2,757.3	2,857.4	2,957.7	3,054.7	3,144.6	3,230.7	3,315.1	3.00%

Source: Transparency Market Research

The graphs below illustrate that there is a steady growth of vessel demand up to 2030 in the Offshore Support Vessel market segment which is a healthy forecast in to the forthcoming years.

Asia Pacific Offshore Support Vessel Market Size, 2019-2030 (USD Billion)



Source: DNV Publications

The Company is actively strengthening its planning systems and driving initiatives aimed at enhancing productivity and operational efficiency. Among these efforts is the adoption of advanced design technologies, including 3D modeling for design optimization, which forms a core component of our broader strategy to future-proof operations. By leveraging our deep industry expertise and fostering a collaborative and performance-oriented work environment, Colombo Dockyard is strategically positioning itself for sustained long-term growth.

While the domestic market remains subdued, primarily due to continued constraints within Sri Lanka's financial environment, the Company has remained focused on its core objective of generating foreign exchange for the national economy. In alignment with this goal, our strategies are firmly oriented toward expanding into international markets, thereby supporting the country's broader National Export Strategy.

As a key player in Sri Lanka's industrial landscape, Colombo Dockyard is committed to being at the forefront of the nation's maritime development agenda, reinforcing its role as a catalyst for economic growth through globally competitive, export-driven operations.

NC Sector achievement during 2024

The year 2024-marking the second full year of recovery in the post-pandemic era-presented significant challenges for the shipbuilding sector. The compounded effects of Sri Lanka's ongoing economic and financial crisis, the continuing war in Ukraine, and the crisis in the Red Sea severely disrupted key international trade routes and global supply chains. Despite these adversities, Colombo Dockyard remained steadfast in its commitment to delivering high-quality vessels and meeting client expectations.

Amidst these headwinds, the Company successfully delivered three vessels to Misje Eco Bulk AS of Norway:

- Yard No. NC/253 – Misje Flora on March 5, 2024
- Yard No. NC/254 – Misje Rose on June 28, 2024
- Yard No. NC/255 – Misje Lotus on September 25, 2024

These deliveries reflect the Company's continued ability to execute complex projects on schedule, while reinforcing its strong partnership with international clients and its reputation as a trusted shipbuilder in the global market.



Figure 06: Misje Flora



Figure 07: Misje Rose



Figure 08: Misje Lotus

The Keel Laying Ceremony of Misje's 7th vessel NC/259 (Misje Iris), Launching of the Misje's 5th vessel NC 254 (Misje Rose) were done on 04-03-2024.

The keel laying ceremony of Misje's 8th vessel Yard No. NC/260 (Misje Lily), launching of Misje's 6th vessel Yard No. NC/255 (Misje Lotus) and delivery of Misje's 5th vessel Yard No. NC/254 (Misje Rose) were done all done on a single day on 28-06-2025 making it a historical achievement to have completed 3 events on the same day.

Table 2: Projects Completed During the year 2024

Project Name	Yard No	customer	Delivered	Country
5000 DWT Bulk Carrier IV	NC 253	Misje Eco Bulk AS	Mar-24	Norway
5000 DWT Bulk Carrier V	NC 254	Misje Eco Bulk AS	Jun-24	Norway
5000 DWT Bulk Carrier VI	NC 255	Misje Eco Bulk AS	Sep-24	Norway

Table 3: Projects to be Completed and Delivered in 2025

Project Name	Yard No	customer	Delivered	Country
5000 DWT Bulk Carrier VII	NC 259	Misje Eco Bulk AS	May- 25	Norway
5000 DWT Bulk Carrier VIII	NC 260	Misje Eco Bulk AS	Sep -25	Norway
5000 DWT Bulk Carrier IX	NC 261	Misje Eco Bulk AS	Dec -25	Norway

HEAVY ENGINEERING SECTOR

Slipway Facility Development project for Port of Bujumbura, Republic of Burundi

Colombo Dockyard PLC successfully completed the Slipway Facility Development Project at the Port of Bujumbura in the Republic of Burundi, marking a significant milestone in enhancing the region's maritime infrastructure. This ambitious initiative was designed to expand the port's capacity for vessel maintenance and repair, thereby supporting the growth of inland waterway transport and bolstering the country's economic development.

The project encompassed a comprehensive scope of work, including:

- Detailed design and engineering
- Procurement, fabrication, and in-house testing of all mechanical components
- Sea-worthy packing and shipping of cradle parts, rails, pulley systems, main and sub winches, and cable assemblies
- On-site installation, testing, and commissioning at Bujumbura Port
- A live slipping demonstration using an actual vessel
- Training and capacity building for the local shipyard staff

This project demonstrates Colombo Dockyard's ability to execute complex international assignments end-to-end, reinforcing its reputation as a reliable engineering solutions provider in emerging maritime markets.



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Construction of an Underwater Gallery Structure for The Proposed Resort at Dhiffushi Island in Thaa Atoll, Republic of Maldives

The Heavy Engineering Department of Colombo Dockyard PLC (CDPLC) successfully completed the construction and towing of an Underwater Gallery Structure (UWGS) for a proposed luxury resort at Dhiffushi Island in Thaa Atoll, Republic of Maldives. This prestigious assignment highlights CDPLC's expertise in delivering complex marine and engineering solutions tailored to high-end tourism infrastructure.

The project encompassed a comprehensive and multidisciplinary scope, including:

- Design and engineering of the underwater structure
- Procurement of specialized materials and components
- Fabrication and construction to precise technical specifications
- Towing operations to the final site location
- Specialized supervision during the on-site installation of the structure

This landmark project reflects CDPLC's ability to innovate and execute bespoke engineering solutions that align with the evolving needs of the international hospitality and marine infrastructure sectors.



Refilling Impeller Blades In Pumps for Nilwala Pump Houses

The Heavy Engineering Department of Colombo Dockyard PLC successfully undertook and completed the rebuilding of worn-out bronze impeller blades for the Nilwala Pump Houses, acting as the sole contractor for this specialized assignment.

Faced with the alternative of procuring expensive new pump systems, the project was executed as a cost-effective solution aimed at restoring operational efficiency and extending the service life of the existing infrastructure. The timely and precise refurbishment of the impeller blades played a critical role in supporting the continued effectiveness of the region's flood control systems, while delivering significant savings for the client.



YARD DEVELOPMENT INITIATIVES

Capacity Development

To cater to increasing workload in Ship Repair, New Construction & Heavy Engineering sectors, following key equipment were purchased brand new and inducted into the services of the company with future in mind.



Telescopic boom trucks- Cherry pickers 02 units were purchased directly from AICHI Japan to enhance ship services especially lasting and painting process.



Steel plate shearing machine 01 unit was purchased directly from NARGESA Spain to enhance component fabrication capacity.



Forklift trucks 02 units, 5 Ton & 3 ton capacity was purchased directly from TCM Japan to enhance material transportation and delivery inside yard premises.



Balancing machine 01 unit WITH 1.5 Ton capacity was purchased directly from ABRO India to increase dynamic balancing capacity in rotating machinery repairs including Turbo Chargers.



Hydraulic Press Brake Machine 12 mm plate bending capacity was ordered from RICO Portugal and will be received in yard towards end of April 2025 for improving capacity of Steel plate processing capacity.

Yard Development

As part of its ongoing commitment to infrastructure enhancement and workforce development, Colombo Dockyard PLC completed the construction of a new three-storey building dedicated to Hull Construction employees. This facility includes changing rooms for 72 trainees and a fully equipped dining area with the capacity to accommodate 80 persons simultaneously, supporting both operational efficiency and employee well-being.

In parallel, the Company initiated two major infrastructure development projects aimed at expanding afloat repair capacity:

- Preliminary planning and design of the HIPG Workshop Complex, including the acquisition of necessary government approvals for land use and building plans.
- Initial planning and design for the extension of Guide Pier 2, incorporating modifications to the crane track with provisions for future capacity enhancements.

These strategic investments are integral to strengthening CDPLC's repair capabilities and ensuring the yard remains equipped to meet growing and evolving industry demands.

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Technical Improvements Including Lean Initiatives

Under the leadership and strategic direction of the Managing Director/CEO, Colombo Dockyard PLC successfully implemented several high-impact initiatives through the Lean Six Sigma Program, resulting in significant cost savings and operational efficiencies. These initiatives reflect the Company's commitment to continuous improvement and excellence in execution. Key projects included:

- Reduction of electricity costs by enhancing fixed line power capacity and optimizing the overall energy mix
- Transformation of waste oil disposal into a revenue-generating process
- Cost reduction in galvanizing for new shipbuilding projects at CDPLC
- Minimization of productivity losses by addressing and reducing man-hours lost due to accidents
- Accurate preparation of cable schedules and timely ordering of cables in alignment with project requirements
- Supplier database optimization to reduce procurement costs and standardize sourcing processes
- Timely completion of outfitting works to meet project milestones prior to vessel launching

These initiatives underscore the Company's proactive approach to operational excellence, cost control, and value creation across all key business functions.

HUMAN RESOURCE MANAGEMENT AND CSR INITIATIVES

In 2024, Colombo Dockyard PLC (CDPLC) implemented a comprehensive suite of Human Resource Management (HRM) and Corporate Social Responsibility (CSR) initiatives designed to address ongoing economic challenges while nurturing a resilient, motivated, and future-ready workforce.

Amidst a volatile economic backdrop, the Company adopted prudent workforce strategies to ensure continuity and stability. Strategic recruitment efforts were aligned with evolving business needs, while internal transfers and promotions were managed effectively to reinforce key operational areas-particularly within the Ship Repair sector, where agility was required to meet short-term performance goals.

To further enhance employer-employee relations, CDPLC partnered with the Department of Labour, Sri Lanka, to implement Social Dialogue and Quality Circles across

the organization. These initiatives enabled transparent communication, improved workplace harmony, and empowered employees across all levels. A total of 28 training and awareness sessions were conducted at 37 work locations, promoting engagement and collaborative problem-solving. Therefore no material issues pertaining to employees and industrial relations of the company.

Employee recognition and development remained a key focus throughout the year. CDPLC continued its Best Employee Awards Ceremony, extending accolades beyond internal staff to include outstanding subcontract workers and contributors to corporate compliance initiatives. Awards were personally presented by senior leadership, with recipients' families invited to celebrate their achievements. In addition, employees with over 15 years of service were honored with gold pound awards as a mark of appreciation for their long-standing dedication.

The Company also placed a strong emphasis on employee volunteerism and welfare. CDPLC encouraged participation in a range of social, sporting, and philanthropic activities through its well-supported Welfare Association. Teams were provided with transport and resources to undertake outreach projects, benefitting schools, hospitals, and temples in underserved communities across Sri Lanka.

To ensure transparency and foster understanding of the broader economic context, the Managing Director/CEO conducted company-wide sessions, sharing insights into prevailing challenges and the Company's strategy for economic recovery. These sessions also focused on workplace culture transformation, emphasizing accountability, communication, and continuous improvement in alignment with Lean Management principles.

In 2024, CDPLC also completed a review of its employee performance evaluation and reward system, with implementation of enhancements scheduled for 2025. This forward-looking initiative aims to further incentivize high performance and professional development.

As part of its broader CSR agenda, CDPLC hosted a successful blood donation campaign, contributing to the National Blood Bank of Sri Lanka. The Company also supported education by awarding scholarships to Grade 5 students and children of employees entering university. Further, CDPLC reimbursed professional membership fees for executives, promoting continuous learning and leadership development. Annual employee get-togethers were also held to foster team cohesion and promote work-life balance.

Through these targeted HRM and CSR initiatives, Colombo Dockyard PLC has reaffirmed its commitment to its people, stakeholders, and society at large—ensuring continued resilience, sustainability, and inclusive growth.

OCCUPATIONAL HEALTH AND SAFETY / PREVENTION MEASURES

At Colombo Dockyard PLC (CDPLC), Health, Safety, and Environmental (HSE) performance is a cornerstone of our operational excellence and a key differentiator in meeting and exceeding client expectations. We recognize that our reputation for safety and environmental responsibility directly influences our competitiveness and plays a critical role in securing and delivering complex projects.

To uphold this standard, CDPLC has implemented a corporate-wide, performance-based HSE system that empowers all levels of the organization. This system is guided by a clear enterprise-level vision and governance framework, enabling us to tailor our HSE practices to meet specific client needs, statutory and regulatory requirements, and dynamic market conditions—all while ensuring alignment with our broader corporate governance model.

Our HSE strategy is designed to be flexible, scalable, and simple, yet robust enough to support the complexity of our operations. It is founded on a collaborative structure, encouraging clear and continuous communication between employees, clients, and stakeholders. Risk control is assured through structured processes, formal assessments, audits, and regular measurement of the effectiveness of control mechanisms.

A culture of continuous improvement is ingrained across the Company. We routinely conduct self-assessments, track corrective actions, and share best practices and lessons learned. Comprehensive management reviews ensure oversight, accountability, and adaptability to new challenges and opportunities.

We are acutely aware of the risks and responsibilities that accompany our operations. As such, our engineering design, construction, and maintenance practices are meticulously developed to protect the environment, safeguard our workforce, and uphold our core value: safety in everything we do.

Our proactive safety culture is further strengthened through collaboration with law enforcement agencies and community-based safety initiatives, which have earned CDPLC recognition as one of the safest workplaces in Sri Lanka. This team-oriented approach to safety ensures effective protection of people, property, and

the communities in which we operate. We achieve this through rigorous procedures, regular safety inspections, and the implementation of safe systems for production, facilities, and transport operations.

HSE Performance



The Health, Safety, and Environment (HSE) Policy of Colombo Dockyard PLC (CDPLC) underscores our unwavering commitment to fostering a safe, healthy, and environmentally responsible workplace. In alignment with this policy, we placed strong emphasis throughout 2024 on maintaining high standards in occupational health and environmental stewardship, despite the broader economic challenges faced by the Company.

To reinforce this commitment, a series of targeted awareness and training sessions were conducted across the organization. These initiatives aimed to enhance employee awareness, promote best practices, and ensure that every individual operates within a culture of safety and responsibility. Through these efforts, CDPLC continues to uphold its reputation for excellence in HSE performance, ensuring that safety remains an integral part of daily operations.

Safety and Accident Prevention

At Colombo Dockyard PLC, our long-term objective is to eliminate all workplace accidents and work-related occupational illnesses. In pursuit of this goal, we continuously monitor and analyze safety performance across all operational areas. Accident data is assessed by project, site, and accident type, enabling us to identify structural and procedural variances. These insights are used to tailor corrective actions specific to each worksite and segment, ensuring that safety measures are aligned with the unique requirements of shipyard operations.

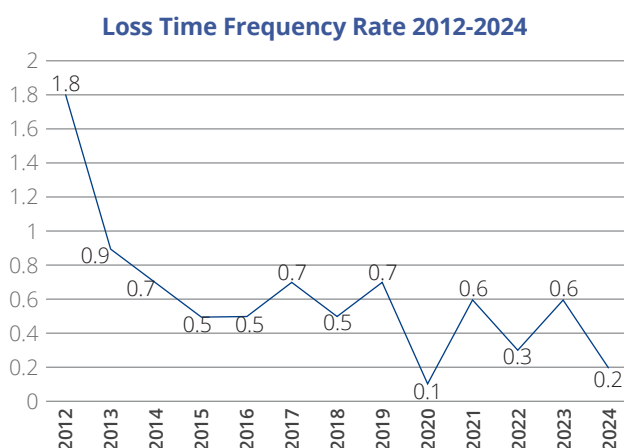
A comprehensive statistical analysis of all major and minor incidents is conducted and disseminated on a quarterly basis to key stakeholders, including top management. This detailed reporting framework covers incident classification by type and severity, root cause

Management Discussion & Analysis

analysis, and trend evaluations, forming the basis for implementing targeted controls in accordance with the hierarchy of control measures.

The findings from these evaluations are not only used to implement improvements but also serve as valuable content for safety awareness and training programs designed to prevent future incidents. These initiatives contribute significantly to strengthening our safety culture across all levels of the organization.

Encouragingly, 2024 recorded a decline in accident rates compared to 2023, as reflected in our internal safety performance indices. This positive trend affirms the effectiveness of our proactive safety strategies and our sustained commitment to ensuring the health, safety, and well-being of all employees.



Workplace Inspection/Safety patrol/ Audits

Safety patrols are a critical component of Colombo Dockyard PLC's Hazard Identification and Risk Assessment (HIRA) framework. These patrols are conducted on a weekly basis and involve multi-level participation, including managers, supervisory staff, and subcontract employees, all working under the direct leadership of the Managing Director/CEO and senior management. This top-down engagement underscores the Company's commitment to fostering a culture of safety accountability at every level.

Each safety patrol visit typically spans 90 minutes, with approximately one hour dedicated to identifying unsafe conditions and 30 minutes focused on observing employee behavior to identify unsafe acts. Cumulatively, this process contributes to an estimated 450 man-hours annually-a significant investment in proactive risk mitigation.

Outcomes of these patrols, including identified risks and recommended preventive or corrective measures, are regularly reviewed to ensure that timely actions are implemented by the relevant departments or sections. These continuous monitoring efforts are central to maintaining a safe and compliant working environment.

In line with established best practices, Occupational Safety and Health (OSH) audits and inspections were also conducted throughout 2024 in workshops and general yard areas, following the predefined Safety Inspection and Audit Calendar. These inspections aim to identify potential hazards and risks in real-time working environments and reinforce compliance with safety standards.

Additionally, specialized environmental monitoring activities were carried out, including a full-scale occupational and environmental noise survey and dust level assessments across the entire shipyard. These initiatives further support CDPLC's comprehensive approach to workplace safety and environmental protection.

Health and Safety Training

At Colombo Dockyard PLC (CDPLC), Occupational Health and Safety (OH&S) training is regarded as a top priority by the management. Recognizing the importance of a well-informed and safety-conscious workforce, the Company has systematically identified training needs aligned with its OH&S and environmental risk profile, as well as its integrated management systems.

Throughout the year, the Safety Department conducted a series of targeted HSE training and awareness programs designed to equip employees with the knowledge and skills necessary to uphold workplace safety standards. In addition to internal sessions, select training programs were facilitated by external subject matter experts, ensuring comprehensive coverage of critical safety topics.

Outlined below are some of the key training initiatives delivered during the year.

*A series of awareness programs on 'Scaffolding erection' for Scaffolders in the Scaffolding department were conducted during the 2nd and 3rd part of the year by the Safety department for all employees in the yard (including Officers, Supervisors, industrial grade employees of CDPLC and owners of subcontract companies and their employees).

*Management development for Engineers conducted by the Institute of Engineers -Sri Lanka,

*Basic Fire Fighting, Sea Survival Techniques & Basic First Aid training was conducted for employees who regularly participate in the Sea Trials in the CINEC Maritime Campus.

* Supervisory staff of the Safety department will be sent on a quarterly year basis for the OSH certificate course conducted by the National Institute of Occupational Health and Safety (NIOSH) of the Labor department

*Lifesaving training program has been completed successfully at river lifesaving club Balapitiya and award ceremony was conducted on last day evening .14 selected employees (CDPLC) participated for the four-day training program and continued for four days.



All the participants are awarded a certificate as life saver After the training a demonstration drill was carried out with the participation of employees who have participated for the lifesaving training at Dolphin pier in the shipyard . After completion of the demonstration drill, a debriefing session has been arranged at the training center of the shipyard for concern stakeholders



*Safety department personal participated to World safety day celebration seminar on occupational health and safety Held in NIOSH, Department of Labor, Sri Lanka.

Fire Awareness in the Workplace



Fire is the single biggest threat to any business, whatever its size. Most businesses do not recover following a major fire, and those that do have to absorb significant losses.

Raising staff awareness of potential hazards can avoid a fire starting in the first place, and training staff to act responsibly in the event of a fire will ensure the workforce is protected should the worst happen.

This Interactive Fire Safety Training will: Empower staff with the knowledge and understanding of how to act responsibly in the event of a fire: Raise awareness of potential risks and hazards: Ensure operate within the law and protect workforce and business against significant losses as a result of fire.

They need to know what action should be taken in case of fire including: How to warn others, the location and use of escape routes, assisting visitors or members of the public, the location of a nominated assembly point, the use of the fire equipment provided and how to summon the fire service. Sufficient numbers of employees trained in the use of fire extinguishers should always be present when the workplace is occupied. The training provided should ensure these tasks are carried out efficiently and safely."



"Fire Awareness in the Workplace", has been designed to train all members of staff within an organization in order to increase safety and first aid compliance in the workplace.

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Empowering staff with the knowledge & understanding of how to act responsibly in the event of a fire and raising awareness of potential risks and hazards, will ensure to operate within the law and protect workforce and business against significant losses as a result of fire.

New Employee HSE Induction Program

At Colombo Dockyard PLC (CDPLC), the Health, Safety, and Environment (HSE) Induction Program is a mandatory requirement for all new employees prior to commencing work in their designated roles. This comprehensive orientation is conducted under the direction of the Safety Department, in close coordination with the Human Resources and Subcontractor Procurement departments.

The induction session is designed to familiarize new employees with the Company's safety protocols, operational guidelines, and overall HSE expectations. Upon completion, participants are required to formally acknowledge their understanding and commitment to the Company's Safety Program. Each employee signs an attendance record, which is then securely filed as part of their personal employment record.

In 2024, a total of 2,507 new employees successfully completed the HSE induction program at the CDPLC Training Centre. These sessions also include opportunities for participants to raise questions or seek clarifications regarding their job responsibilities, safety duties, and working conditions, ensuring a fully informed and safety-conscious workforce from day one.

Proactive Safety measures in the Ship Building sector

Toolbox Meetings on construction vessel

Effective communication is one of the most powerful tools for preventing workplace accidents and reinforcing the importance of safety. At Colombo Dockyard PLC, the Health, Safety, and Environment (HSE) Toolbox Meeting (TBM) Program has proven to be an impactful method for enhancing safety awareness at the operational level.



Toolbox Meetings on construction vessel

These concise, structured discussions-typically lasting 20 minutes and conducted twice a week-are organized by the Project Manager on board construction vessels. The sessions serve as a platform to communicate a wide range of HSE-related information, including:

- Observations raised by clients, owner representatives, management, and service providers
- Project-specific safety concerns
- Updates on production plans and associated risks
- Guidance on fire prevention (in collaboration with the Shipyard Fire Department)
- Insights into occupational health practices (supported by the Shipyard Health Centre)
- Best practices in waste management and energy conservation (delivered in partnership with the Environmental and Energy Saving Department)

In addition to formal TBMs, line managers conduct weekly safety briefings with supervisors and frontline workers before the start of each shift. These briefings address specific safety topics relevant to the day's tasks, contributing to:

- Heightened situational awareness
- Risk mitigation prior to task commencement
- Better compliance with safety regulations
- Enhanced coordination and consultation across work teams



Given the inherent risks associated with shipbuilding and repair-particularly in partially completed vessel structures-CDPLC places special emphasis on fall prevention. Numerous hazards such as exposed ship-side rails, incomplete engine room railings, access holes, removed gratings and ladders, and lightening holes pose significant fall risks. Employees are trained to remain vigilant and anticipate unexpected hazards, even when standard precautions are in place.

By prioritizing regular communication and reinforcing proactive hazard identification, CDPLC ensures that safety remains a core value embedded in every aspect of its operations.

Safe storage of hybrid batteries

Hybrid battery-powered vessels integrate conventional propulsion systems with rechargeable battery technology, enabling optimized performance by providing supplementary power during peak load conditions. These systems can be charged via shore power or through the vessel's own engines, offering a sustainable, energy-efficient solution that reduces fuel consumption and emissions-particularly under specific operating scenarios.

However, hybrid batteries introduce unique safety challenges. Unlike traditional lead-acid batteries, hybrid systems operate at higher voltages and store significantly more energy, thereby increasing the risk of thermal runaway, short circuits, and chemical leaks if not managed properly.

- To mitigate these risks, safe storage practices are essential. Key safety measures include:
- Housing batteries in a dedicated, well-ventilated room that is cool, dry, and free from flammable materials
- Equipping storage areas with fire suppression systems, smoke detectors, and alarm mechanisms
- Ensuring batteries are stored away from metal objects and other potential short-circuit hazards
- Keeping batteries separate from combustible materials and incompatible substances to minimize fire risks
- Conducting regular inspections to identify signs of damage, corrosion, or degradation

These precautions form an essential part of the vessel's overall safety framework and are critical to ensuring the reliable operation and longevity of hybrid propulsion systems.

Emergency preparedness when hybrid batteries are activated on board vessel

Colombo Dockyard PLC has established a comprehensive Emergency Preparedness Plan designed to effectively respond to a wide range of emergency scenarios, including fires, accidents, and oil or chemical spills. This structured approach ensures that potential hazards are properly identified, response plans are clearly formulated, and training exercises are regularly conducted to build preparedness across the organization.

Periodic emergency drills are carried out to evaluate the effectiveness of these plans, with procedures reviewed and refined based on lessons learned. In addition to internal exercises, joint emergency drills are conducted onboard vessels in coordination with vessel owners, further testing the responsiveness and coordination of the shipyard's emergency systems.

The Shipyard Fire Department is equipped with state-of-the-art firefighting equipment and rescue vehicles, enabling swift and efficient action in the event of an incident. All fire, health, safety, and security personnel are extensively trained to perform firefighting and rescue operations with professionalism and precision.



A notable demonstration of this preparedness was a live fire drill conducted at the D4 North Pier, where the Fire Department successfully executed a rescue operation simulating a casualty incident within the hybrid battery

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room of a vessel constructed for a Norwegian client. Such drills underscore CDPLC's commitment to safety excellence and its ability to respond swiftly and effectively to critical situations.

Safe access on construction vessels



Ensuring safe access to vessels is a critical component of operational safety, particularly during new construction and outfitting phases. At Colombo Dockyard PLC, stringent measures are implemented to guarantee the safety of all personnel embarking and disembarking vessels under construction.

For hybrid vessels berthed alongside, a minimum of two access/exit gangways are provided. When the vessel is under construction within a dry dock, the number of access points is typically increased to four to six, including routes from both the pier and the dock, to accommodate the complexity of the work and ensure safe evacuation routes at all times.

Additional access points are incorporated for specific operational zones, such as the engine room tween deck, where an entry from the hold supplements the standard dual access from the main deck. These enhancements are designed to improve productivity, facilitate equipment movement, and provide emergency egress options.

In cases involving confined or enclosed spaces, extra openings may be introduced to support production activities or emergency access. Such modifications are made in consultation with relevant stakeholders, including owner representatives, surveyors, designers, production teams, and shipyard management, to ensure compliance and safety.

Failure to provide adequate and secure access routes can pose significant risks to personnel, especially during adverse weather conditions, extreme tidal variations, or periods of intensive onboard activity. In line with national

safety regulations, vessel owners are responsible for ensuring that appropriate safety measures are in place for all individuals boarding a domestic commercial vessel.

As part of each vessel's safety management system, clear protocols must be established to address safe access for employees, crew members, contractors, and visitors, reinforcing the Company's commitment to the highest standards of occupational safety.

COMPLIANCE: QUALITY, HEALTH & SAFETY, ENVIRONMENTAL, AND ENERGY MANAGEMENT SYSTEMS

In 2024, Colombo Dockyard PLC (CDPLC) reaffirmed its strong commitment to international standards, legal obligations, and regulatory requirements, reinforcing its position as a responsible and reliable partner in the maritime and engineering industries. Through a proactive approach to compliance and continuous improvement, the Company ensured operational excellence while promoting safety and environmental stewardship across all areas of activity.

Our Quality Management System (QMS), aligned with ISO 9001:2015, continues to serve as the cornerstone of our governance framework. In July 2024, CDPLC successfully completed a surveillance audit by LRQA India, thereby maintaining certification and demonstrating consistent adherence to quality benchmarks. The QMS remains fully integrated into our operational workflows, enabling robust process control, accountability, and management oversight.

Likewise, the Company's Occupational Health & Safety Management System (ISO 45001:2018) and Environmental Management System (ISO 14001:2015) were reaffirmed through successful surveillance audits by LRQA India in April 2024. These certifications validate our structured approach to workplace safety and environmental responsibility, while recognizing our commitment to continuous improvement in both areas.

Additionally, our Energy Management System, certified under ISO 50001:2018, underwent its renewal audit in December 2024 by SGS Lanka, with auditors delivering positive feedback on system effectiveness and implementation.

Beyond third-party certification, CDPLC regularly undergoes second-party audits initiated by key clients. These client-driven evaluations, focused primarily on repair activities and service compliance, concluded with high levels of satisfaction, reflecting the effectiveness and integrity of our integrated management systems.

Collectively, these achievements demonstrate CDPLC's unwavering dedication to quality, safety, environmental sustainability, and energy efficiency, reinforcing its reputation as a fully compliant, internationally trusted industry leader.

SUBSIDIARY ENGAGEMENT

Dockyard General Engineering Services (Pvt) Ltd (DGES)

Dockyard General Engineering Services (Pvt) Ltd (DGES), a wholly owned subsidiary of Colombo Dockyard PLC, continues to uphold its reputation as one of Sri Lanka's leading engineering service providers. With a proven track record of excellence, DGES is recognized for delivering high-quality construction and engineering solutions across diverse sectors.

The company has successfully broadened its operational footprint, offering innovative, dependable, and technically sound services both within Sri Lanka and in international markets. Its consistent performance and commitment to engineering excellence have positioned DGES as a trusted partner in advancing infrastructure and industrial development initiatives regionally and beyond.

Operational Overview:

Throughout the fiscal year 2024, Dockyard General Engineering Services (Pvt) Ltd (DGES) demonstrated unwavering commitment to delivering a comprehensive range of engineering solutions spanning mechanical, civil, and electrical disciplines. The Company's service portfolio includes design, fabrication, installation, repair, and maintenance, all customized to meet the diverse needs of clients across multiple industries.

In response to shifting market dynamics, DGES has strategically realigned its business approach to remain agile and resilient. Recognizing the lingering impacts of the global pandemic on the construction sector, the Company actively strengthened its presence in the private sector through targeted partnerships. This proactive strategy has enabled DGES to effectively navigate ongoing challenges while positioning itself for sustainable, long-term growth.

Key Achievements:

The fiscal year 2024 has been marked by several notable accomplishments for DGES, reflecting our steadfast commitment to excellence and our continuous drive to deliver high-quality engineering solutions across diverse sectors.

1. **Factory Construction for the Ministry of Agriculture:**
The construction of a Cavendish Banana Collection Center in the Monaragala District, located at Nugegalayaya - Sevanagala, was successfully completed by our team as part of the Agriculture Sector Modernization Project. This project demonstrates our ability to meet client specifications and has significantly contributed to the regional economic development.



2. **Designing, Fabrication, Installation of Hoisting System for 06 Nos Gates in Oliyamulla:** The Designing, Fabrication, and Installation of the Hoisting System for 06 Nos Gates in the Oliyamulla Storm Water Drainage and Environment Improvement Project were successfully executed by DGES. The project was undertaken in a professional manner, with all client specifications being meticulously fulfilled. A substantial contribution was thereby made to the development of the country's infrastructure.

Management Discussion & Analysis

3. Execution of Complex Engineering Projects:

The proficiency in executing complex engineering projects was demonstrated through the successful construction of the proposed Waste Recycle Building for Kesbewa Urban Council and the renovation of the Waste Recycle Building for Gampaha Pradeshiya Sabha, under the esteemed employer Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Additionally, the construction of the proposed factory for Straintec Pvt Ltd at Koggala was completed, further highlighting the delivery of high-quality solutions across diverse sectors. These projects reflect the technical expertise and commitment to excellence maintained in every aspect of the work.



- The repair and servicing of five pump sets at the Madampitiya Pumping Station continues on track, contributing to the enhancement of critical water infrastructure.
- Additionally, the Under Wharf Crane and Headstock Beam Repair Project at SAGT is progressing smoothly in accordance with the defined scope and schedule.

These initiatives demonstrate DGES's ongoing dedication to engineering excellence, consistently delivering results that meet and exceed client expectations, while maintaining the highest standards of safety, quality, and performance.



Ongoing Project Progress:

Several key projects undertaken by Dockyard General Engineering Services (DGES) are progressing in line with established schedules, reflecting the Company's steadfast commitment to quality, precision, and timely delivery.

- The repairing, assembling, painting, testing, and commissioning of the needle valve at the Castlereagh Dam is advancing as planned.
- The Design and Build Contract for Reliability Enhancement and Energy Saving at the Ambatale Production Facilities-encompassing electrical, mechanical, instrumentation, and civil works-is being executed efficiently and with a strong focus on integration and system optimization.

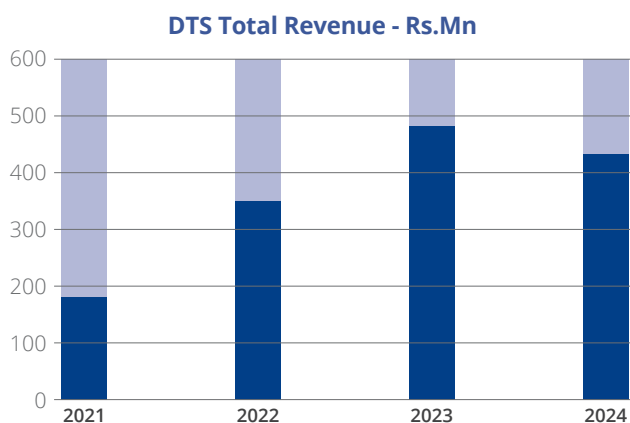


Dockyard Total Solutions (Pvt) Ltd(DTS)

Dockyard Total Solutions (Pvt) Ltd (DTS) is a wholly owned subsidiary of Colombo Dockyard PLC (CDPLC). Re-structured on January 1, 2021, under the Companies Act No. 7 of 2007 (Company Number PV 00208409), DTS is currently aligned with the strategic management objectives of the Group, focusing on achieving both short- and long-term performance targets in support of CDPLC's broader vision.

In the fiscal year 2024, DTS contributed a total of Rs. 433.0 million to Group revenue through projects executed for CDPLC, compared to Rs. 485.4 million in the previous year. Of this, the highest revenue share-Rs. 186.0 million (43%)-was generated from steel-related work, followed by Rs. 75.0 million (18%) from afloat ship repair activities. The remaining revenue was derived from scaffolding services, engineering design, and other support functions.

Looking ahead, DTS plans to expand its steel-related operations, with a strategic focus on internalizing high-cost skilled labor-particularly Indian welding resources-to optimize Group operational expenditure. The Company is also exploring detailed engineering design opportunities from external clients, with a particular interest in collaborating with foreign shipyards to further diversify its portfolio and expand its market reach.



FUTURE OUTLOOK

As Colombo Dockyard PLC (CDPLC) looks ahead, the Company remains confident in its strategic direction, guided by a clear commitment to resilience, innovation, and sustainability. While 2024 was marked by external complexities-ranging from geopolitical conflicts to global economic volatility-CDPLC has continued to demonstrate strength through adaptability, technical excellence, and a focused business model that supports long-term value creation.

Looking toward 2025 and beyond, the global shipping and shipbuilding industries are expected to face heightened uncertainty, driven by geopolitical tensions, trade policy shifts, and environmental regulatory pressures. However, these challenges also present opportunities for agile and technically capable players like CDPLC. The Company's targeted expansion into high-growth niches such as cable-laying vessels, service operation vessels for offshore wind farms, and offshore support vessels for the oil and gas sector positions it well to meet emerging global demand.

In ship repair, CDPLC's continued emphasis on capacity augmentation-including infrastructure development at Hambantota Port, acquisition of new equipment, and expansion into niche repair segments-will enhance operational efficiency and responsiveness. The Company's ability to service highly specialized fleets, including hybrid and cable-laying vessels, will serve as a strategic differentiator in the Indian Ocean region.

On the domestic front, while the Sri Lankan market remains constrained by financial sector challenges, CDPLC's export-focused strategy supports its alignment with the National Export Strategy and underscores its role as a key driver of foreign exchange generation and industrial development. Efforts to optimize internal processes, reduce costs through Lean Six Sigma initiatives, and improve productivity through digital tools and design technologies such as 3D modeling are expected to further bolster competitiveness.

In the engineering sector, subsidiaries such as DGES and DTS will continue to play a vital role in contributing to Group performance. DGES's ability to execute multidisciplinary engineering projects, both locally and internationally, and DTS's planned expansion in steelwork and engineering design services provide additional growth levers for the Group.

CDPLC enters the next phase of its journey with a solid order book, technical credibility, a diversified client base, and a motivated workforce. Anchored in its core values and driven by strategic foresight, the Company is well-positioned to navigate complexity and capture new opportunities in a rapidly transforming global maritime landscape.

Strategic Report

Financial Review

Colombo Dockyard PLC (CDPLC) operates in the fields of ship repair, shipbuilding, and heavy engineering, aiming to achieve consistent and sustainable results.

By the end of 2024, the Group's total assets stood at Rs. 43,860.7 million (compared to Rs. 39,325.1 million in 2023). CDPLC serves a worldwide client base, providing its core services to customers in more than 25 countries.

The company's performance is mainly affected by broader global and regional factors such as economic trends, oil and gas industry activity, freight rates, currency exchange fluctuations, and international shipping regulations.

Since CDPLC offers a diverse range of products and services across various markets and regions, the management believes that no single factor has a decisive impact on the Group's financial status or overall profitability.

GROUP FINANCIAL HIGHLIGHTS

For the Year (Rs. Mn)	2024	2023	Change	%
Income Statement				
Revenue	25,447.0	36,167.6	(10,720.6)	(30)
Gross Profit /(Loss)	603.0	(6,323.6)	6926.6	(110)
Profit/(Loss) after Tax	(2,743.0)	(11,006.4)	8,263.4	(76)
Balance Sheet				
Total Assets	43,860.7	39,325.1	4,535.6	12
Total Liabilities	38,370.1	36,034.1	2,336.0	6
Shareholders' Funds	5,311.3	3,086.1	2,225.2	72
Net Cash & Cash Equivalent	5,262.2	2,619.0	2,643.2	101
Interest bearing borrowings	28,667.9	23,850.9	4,817.0	20
Financial Ratios				
Earnings Per Share (Rs.)	(38.1)	(153.4)	115.3	(75)
Dividend Per Share (Rs.)	0.0	0.0	0.0	0.0
Net Assets Per Share (Rs.)	74.0	42.0	33.0	76
Gearing Ratio (%)	58.0	49.0	(9)	18
Return on Total Assets (%)	(6.0)	(31.0)	25.0	(81)
Working Capital to Assets (%)	(16.0)	(17.0)	1.0	(6)

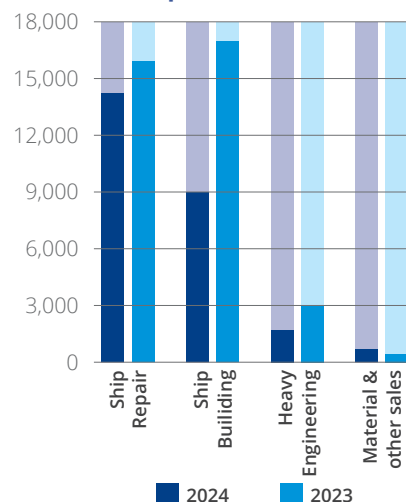
FINANCIAL PERFORMANCE OF THE GROUP

Group Revenue

In the 2024 financial year, the Group recorded total revenue of Rs. 25,447.0 million, reflecting a 29% drop from the Rs. 36,167.6 million reported in 2023. Revenue from the ship repair segment declined by 11%, while the shipbuilding segment experienced a steep decrease of 89% compared to the previous year.

Among the Group's subsidiaries, Dockyard General Engineering (Pvt) Ltd contributed 8% of the total revenue, Dockyard Total Solutions (Pvt) Ltd accounted for 2%, and Ceylon Shipping Agency generated 5%. Furthermore, the Heavy Engineering sector contributed Rs. 1,701.0 million to the Group's total revenue in 2024.

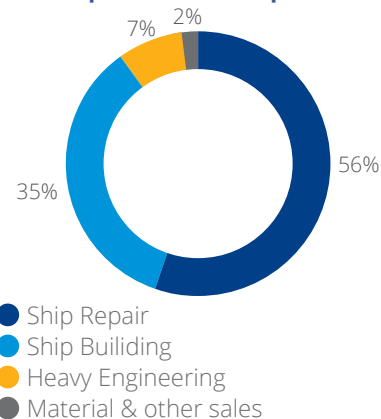
Total Group Revenue (Rs.Mn)



Segments Contributed to the Group Revenue

The Group's revenue is derived from its main operations, including ship repairs, shipbuilding, heavy engineering, and material sales through its subsidiaries. In 2024, the ship repair segment was the largest contributor, generating 56% of the total revenue. This was followed by the shipbuilding segment, which accounted for 35%. The heavy engineering and material sales segments made smaller contributions of 7% and 2%, respectively.

Group Revenue Composition



Group Export Revenue

The group's export earnings are mainly driven by its shipbuilding and ship repair operations. In 2024,

export revenue totaled Rs. 22,200.7 million, marking a 30% decline from Rs. 31,724.5 million in 2023.

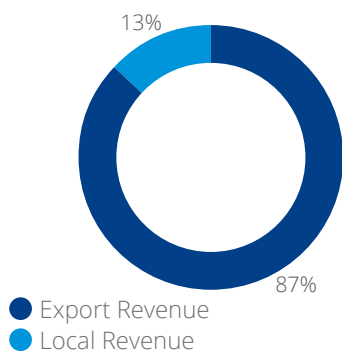
That year, Norway became the group's top international market, contributing 35% (Rs. 8,964.1 million) of the total export income. India was the second-largest market, providing 28% (Rs. 7,074.7 million).

For ship repair services, India remained the leading foreign market in 2024, accounting for half (50%) of the sector's export earnings, equivalent to Rs. 7,074.7 million.

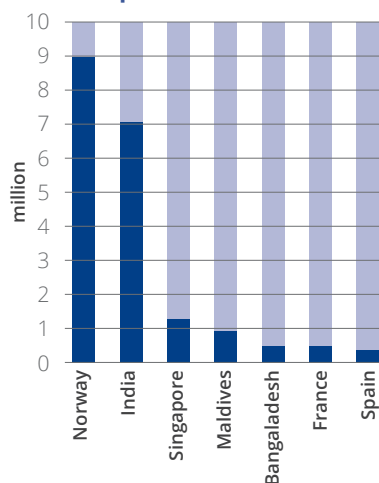
All export transactions were conducted in either US dollars or euros, which made up 100% of the export revenue. The fluctuating exchange rate of the Sri Lankan Rupee continued to impact the conversion value of these earnings.

Overall, export revenue represented 87% of the group's total income.

Export Revenue and Local Revenue 2024



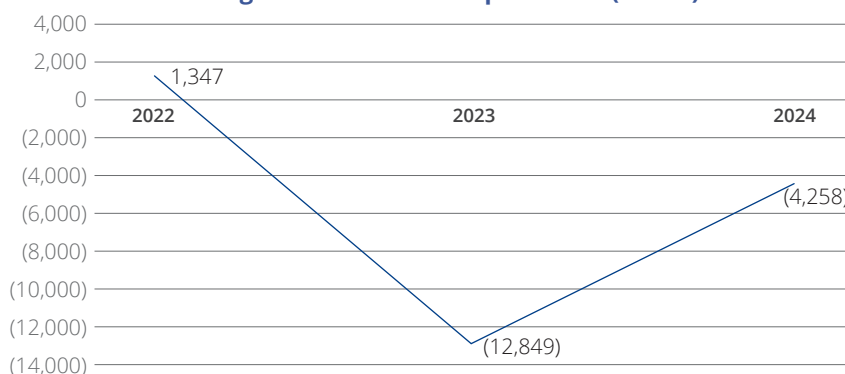
2024-Major overseas Markets - Export Revenue



Group Earnings before Tax and Depreciation

In 2024, the Group reported earnings before tax, depreciation, and amortization (EBITDA) of Rs. (4,258.0 million), showing a notable improvement compared to the Rs. (12,849.0 million) recorded in the previous year. Despite a 30% drop in revenue, the Group successfully lowered its cost of sales by 41% through effective cost management initiatives aimed at minimizing the overall net loss for the year.

Earnings Before Tax and Depreciation (Rs.mn)



Group Other Income

Other income of the Group recorded as Rs.650.2 mn during the year 2024 and The scarp sale income is the major contributor which represents 54% of the total other income.

Cash flow

In 2024, cash used in the Group's operations before accounting for changes in working capital amounted to Rs. 1,669.7 million, a significant reduction from Rs. 9,688.6 million in the prior year. The decline in cash generated from operations was mainly due to losses in the shipbuilding segment compared to 2023.

Net cash outflow from investment activities was Rs. 87.8 million in 2024, down from Rs. 153.7 million the previous year. During the year, the Group paid a total of Rs. 382.4 million in its yard facilities.

FINANCIAL PERFORMANCE OF THE COMPANY

Company's Revenue

In 2024, the company recorded total revenue of Rs. 23,695.5 million, representing a 28% decline from Rs. 33,068.5 million in the previous year. Revenue from the shipbuilding segment dropped significantly to Rs. 8,962.2 million, a 47% decrease year-over-year. This decline was largely due to the continuation of low-priced shipbuilding contracts signed back in 2020.

Although the global shipbuilding industry and pricing conditions improved notably since 2023, the company struggled to secure new major contracts in recent years. This was primarily due to its poor credit rating, which led shipbuilding clients to reject bank guarantees issued by Sri Lankan banks. In addition, key equipment suppliers were unwilling to accept financial instruments such as guarantees or letters of credit from both local and international banks. Financial institutions were also unable to extend funding for

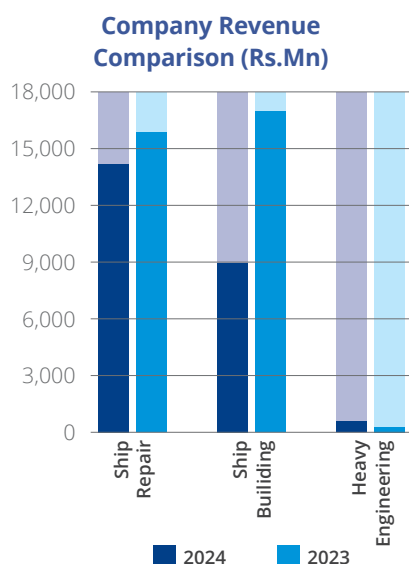
Strategic Report

Financial Review

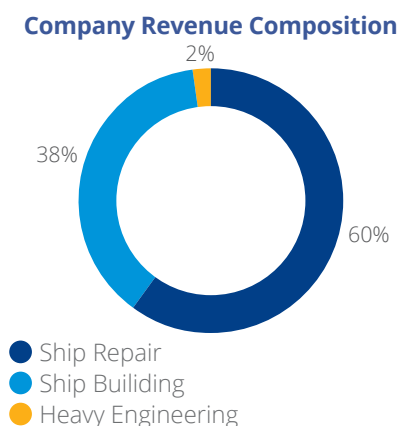
large shipbuilding projects during 2022–2023, owing to the country's low credit rating and the company's financial instability.

As a result, the company faced a shortage of new shipbuilding orders, leading to reduced volumes in that segment and adversely affecting its overall financial performance.

Meanwhile, ship repair revenue in 2024 stood at Rs. 14,187.9 million, reflecting a 12% drop compared to the prior year.



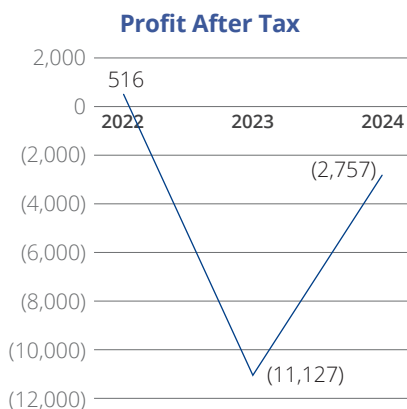
Out of total revenue of the company, 60% represents revenue from Ship repair business and 38% represents revenue from Ship Building and 2% from Heavy engineering.



Company's Profit /(Loss) After Tax

In 2024, the Company reported a post-tax loss of Rs. (2,757.4) million. This represents a 75% reduction in losses compared to 2023. The primary reason for the continued losses was the underperformance of the shipbuilding segment.

This decline was influenced by a combination of factors, including the country's economic challenges, debt defaults, global supply chain disruptions, high interest expenses on both local and foreign borrowings, and exchange rate volatility.



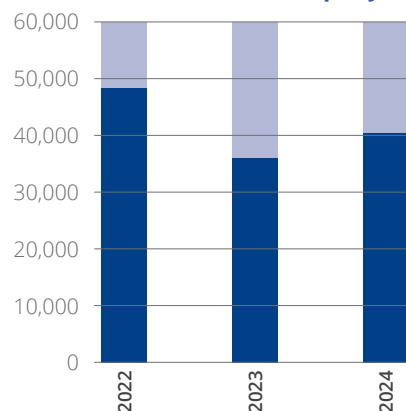
FINANCIAL POSITION OF THE COMPANY

Total Assets

As of December 31, 2024, the Company's total assets stood at Rs. 40,310.5 million, up from Rs. 36,048.8 million in 2023. The increase in asset value was mainly driven by a 55% rise in the value of property, plant, and equipment, following a revaluation of the company's drydock located on freehold land and its dockside cranes.

Additionally, the Company invested Rs. 451.3 million in capital assets during the year to enhance yard productivity and upgrade infrastructure.

Total Assets of the Company



Current Assets

In 2024, the Company's current assets declined to Rs. 19,983.3 million, compared to Rs. 22,712.7 million in 2023. The main reason for this decrease was a 28% drop in trade receivables largely due to the successful recovery of Rs. 1,791.7 million in outstanding receivables.

Current Liabilities

In 2024, the Company's current liabilities decreased by 8% compared to 2023. Trade and other payables has been drop by 22% achieved by settling outstanding balances through interest-bearing loans and cash generated from the operation.

Working Capital

The net working capital of the Company was at (Rs. 8,710.8 Mn) at the end of year 2024. The current ratio in 2024 stood at 0.70 indicating availability of current assets to serve the current liabilities of the company. The quick ratio of the company was also stood at 0.60 indicating the availability of current assets without inventories to pay current liabilities of the company.

Net Assets Value per Share

The net assets value per share of the Company has increased to Rs. 38.0 as of 31st December 2024 compared to Rs. 6.59 recorded for last year the revaluation of property

plant and equipment supported to improve the net asset position of the company in 2024

Capital Structure

As of December 31, 2024, the company's total assets amounted to Rs. 40,310.5 million, up from Rs. 36,048.8 million in the previous year. These assets were financed through 7% equity (shareholders' funds), 22% non-current liabilities, and 71% current liabilities.

Debt

Company's short term debts as at balance sheet date was Rs. 21,210.0 Mn. Short term loans have been obtained for working capital financing. There was a 13% decrease of short term loans obtained during the year and the repayment of loans also have been increased by 20% during the year 2024.

PERFORMANCE OF THE SHARE

The share price of the Company as at 31st December 2024 recorded at Rs. 65.9, showing a increase of 30% compared to last year's closing price of Rs. 50.5. The share price recorded the highest price of Rs. 70 on 31st December 2024 and lowest of price of Rs 41 on 23rd September 2024.

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 97 to 151 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 stakeholders to make a fair assessment of the company's performance.

Subsidiaries Performance

In 2024, the Group's subsidiary companies generated a combined revenue of Rs. 3,526.5 million. This included Rs. 1,910.4 million from Dockyard General Engineering Services (Pvt) Ltd. (DGES), a wholly owned subsidiary; Rs. 432.7 million from another wholly owned subsidiary, Dockyard Total Solutions (Pvt) Ltd. (DTS); and Rs. 1,183.3 million (equivalent to SGD 5.0 million) from Ceylon Shipping Agency (Pte) Ltd. (CSA) in Singapore, in which the Group holds a 51% stake.

DGES posted a net profit after tax of Rs. 90.7 million for 2024, a 26% decline compared to the Rs. 122.6 million earned in 2023. DTS ended the year with a net loss of Rs. 68 million, while CSA reported a net loss of SGD 11,269 in 2024.

Company Contribution to Sri Lankan Economy

The Colombo Dockyard PLC has generated direct foreign revenue of Rs 22,201Mn (US\$ 75 Mn). This is mainly comprised of revenue generated from shipbuilding, ship repairs, heavy engineering and other nonoperating income.

SEVERAL MAJOR FACTORS CONTRIBUTED TO THE POOR PERFORMANCE OF BOTH THE GROUP AND THE COMPANY.

A shortage of available workers significantly affected operations, stemming from transportation challenges that began with the COVID-19 pandemic, fuel shortages, political instability, and the emigration of many skilled employees. These issues caused delays in vessel deliveries, forcing the company to pay liquidated damages and cancel two shipbuilding contracts. Compensation had to be paid to the buyers, and the company lost the anticipated profits from these projects, worsening financial losses in 2023 which affected the performance of the company in 2024 also.

Following the country's sovereign default, foreign clients rejected bank guarantees issued by Sri Lankan banks. As a result, CDPLC had to secure guarantees from international banks, which required 100% cash deposits due to their unwillingness to take on any risk associated with Sri Lanka. At the same time, the company had to finance vessel construction through loans incurring high borrowing costs in Sri Lanka-up to 29% annually for loans in local currency and 12% for those in U.S. dollars-due to differences in national interest rates. The company's poor credit rating further complicated matters. Shipbuilding clients refused to accept bank guarantees from Sri Lankan financial institutions, and major equipment suppliers declined financial instruments (e.g., guarantees or letters of credit) issued by these banks. Additionally, international banks and financial institutions were unwilling to finance major shipbuilding projects during the 2022-2023 period due to the country's low credit rating and the company's ongoing financial instability.

Disruptions in global supply chains and soaring prices for raw materials such as steel, machinery, and key components negatively impacted the financial results of the shipbuilding segment in 2024 also.

Domestically, operational challenges were intensified by resource shortages, increasing operational expenses, and the country's damaged international reputation-particularly in 2022 and 2023-which affected relationships with customers and global suppliers alike which contributed to low performance of both ship building and ship repair segments.

Finally, sharp and unpredictable exchange rate fluctuations made effective financial planning difficult.

Corporate Milestones

year	Event
1974	Incorporation of Colombo Dockyard Limited (CDL) and started operation of a Ship repair facility with three drydocks: 1 x 30,000 DWT and 2 x 8,000 DWT; Docks Nos. 1, 2 & 3.
1975	Commencement of steel Shipbuilding in Sri Lanka. Yard No. 1: Mooring Barge for Colombo Port Commission (CPC). Yard No. 4: First naval vessel - 14 M Patrol Boat for Sri Lanka Navy.
1976	Incorporation of Ceylon Shipping Agency Pte Limited in Singapore, jointly with Ceylon Shipping Corporation.
1977	First vessel to Colombo Port Commission. Yard No. 13:100 T Barge.
1978	First Tug Boat built in Sri Lanka. Yard No. 25:365 BHP Towing Tug for Colombo Port Commission.
1981	Incorporation of Ceylon Bulk Carriers Limited, as a wholly owned subsidiary of CDL, which was renamed as Dockyard General Engineering Services (Pte) Limited in 1981.
1982	Incorporation of Colombo Drydocks Limited (CDD) as a Private Limited Liability Company. First Offshore Patrol Vessel (OPV) built in Sri Lanka. Yard Nos. 40/41:40 M Offshore Patrol Vessels for Sri Lanka Navy.
1983	Incorporation of Galle Slipway & Engineering (Private) Limited.
1983	CDD was converted into a Public Limited Liability Company and established as a Licensed Enterprise under the GCEC Laws (now BOI). First export order in Shipbuilding. Yard Nos. 57/58 Split Hopper Barges for Burma Ports Corporation, Myanmar.
1987 1988	First Shipbuilding project to the Republic of Maldives. Yard No. 78/81: Fish Collector Vessels for State Trading Organization (STO) CDD commences operation of the 125,000 DWT Newly Built Drydock and CDL functions as the Managers for CDD
1992	Commencement of Aluminium Shipbuilding in Sri Lanka. Yard No. 106: Fast Patrol Boat for Sri Lanka Navy
1993	Major re-structuring of CDL & CDD and Collaboration with Onomichi Dockyard, Japan.
1997	Diversification of business activities - Commencement of Heavy Engineering Sector. HE/0001: Sapugaskanda Power Plant Extension Project; Client - MAN B&W Diesel AG, Germany/Ceylon Electricity Board.
1998	First Aluminium Vessel to the Republic of Maldives and the first vessel to the National Security Services: Yard Nos. 122/123 - Coastal Surveillance Vessels (CSV).
1999	International Quality Accreditation – Certified to ISO 9001: Lloyds Register of Quality Assurance (LRQA).
2002	Upgrading the Quality Management System to ISO 9001: 2000.
2004	Commencement of Offshore Engineering Activities - Diversification:
2005	Internationalization of Shipbuilding Activities & Breakthrough to Middle Eastern Market. Expansion of the entrance to the Dock No. 2 for enhancing the capacity for Shipbuilding.
2006	The largest Aluminium Hull built in Sri Lanka (NC 200) - 40 M Fisheries Protection Vessel for the Republic of Maldives. Building of first Tug Boat to an International Client (NC202, NC203 & NC204)
2007	Completed number of major yard expansion projects during the year with over Rs. 462 Mn investment. Delivery of 6 New Constructed ships during the year 2007. In house designed state of the art, Aluminum Hull for Fisheries Protection Vessel. Building of first Anchor Handling Tug/ Supply Vessel (AHTSV) of 80 T BP (NC207, NC208) for Greatship (India)Ltd.
2008	Structural adjustments: Shifting to a New Head Office Building, Expansion of shipbuilding facilities up to total land area of 2,575 square meters, Building of Deck Barge for enhance of Shipbuilding capacity. New technological
2009	The year of Success despite the global Economic Crisis. Enhancing crane capacity by 20 tons and operation capacity of Dry Dock No 03 concentrating more on Offshore Supply Vessels and Drill Ships repairs. Completion of first ever 250 passengers cum 100 tons cargo vessel "Arabian Sea" built for the government of India. Outsource of Heavy Engineering activities to the subsidiary of Dockyard General Engineering Services DGES.
2010	The year of Economic Prosperity Completions of five largest vessels in the history 2010 (NC209, NC210, NC215, NC216 and NC217). Start operation of Kelani River Yard (KRY site) and built first passenger vessel (NC221) to RDA in the Site. Implementation of Performance Standard for Protective Coating (PSPC) process based on IMO resolution. Upgrading the Quality Management System to ISO 9001:2008.

year	Event
2011	<p>The year of Market Pressure</p> <p>Construction of intermediate Dock gate Dry-Dock 01 to enhance efficiency and effectiveness of Ship repair and Shipbuilding activities with an investment of Rs. 152 Mn.</p> <p>Commencement of repairing LPG carriers and establishment of related infrastructural facility “Cryogenic Workshop”.</p> <p>Construction of 250 tons bollard in the Port Trincomalee to enhance the bollard pull testing facilities for new shipbuilding projects.</p>
2012	<p>The year of Sustainability in Stormy Waters</p> <p>Keel laying of largest Vessel to be built by Colombo Dockyard PLC, yard No NC/0229-0230 400 Passenger Cum 250T Cargo Vessels to India.</p> <p>Installation of largest Crane Lifting facility with 160 Ton capacity.</p> <p>Commissioning of 2nd Plasma Cutting Machine at KRY Site.</p> <p>Export revenue generated over 98% of total revenue for the first time.</p> <p>Highest capital investment of Rs. 1,889 Mn in one financial year</p>
2013	<p>The year of Operational Environment Risk Commissioning of largest crane lifting facility with Dockyard - this is a major breakthrough into this high end repair sector.</p> <p>Successfully delivery and handing over 3 shipbuilding contracts namely “Greatship Ragini”, “Executive Valour” and “Executive Courage” to owners meeting all contractual and technical</p> <p>Award of 4 new shipbuilding contracts to a Singapore Customer.</p> <p>celebrations of 20 years Management collaboration with Japanese Shipyard, our Parent Company Onomichi Dockyard Co Ltd. Japan.</p> <p>Keel laying of last vessel of the 4 series vessels to a Singapore customer.</p> <p>Commissioning of ultrasonic cooler cleaning plant with waste water treatment</p>
2014	<p>Celebrated 40 years anniversary of the Company</p> <p>Completed and delivered biggest ship ever built by the Company, at 99 meters in length NC 229 - 400 passenger cum 250 ton cargo vessel “MV Corals” to India</p> <p>Completed and delivered NC 227- Multipurpose Platform Supply Vessel “Executive Tide” to Singapore.</p> <p>Completed and delivered NC 228 - Multipurpose Platform Supply Vessel “Executive Sprite” to Singapore</p>
2015	<p>• Completed and delivered newly built vessel NC 230 - 400 Passenger cum 250 Ton Cargo Vessel “MV Lagoons” to India</p> <p>Completed and delivered newly built two vessels NC 231 “Executive Brilliance” & NC 232 “Executive Balance” Multipurpose Platform Supply Vessel to Singapore</p>
2016	Completed and Delivered newly build vessels NC 233 - 78M multi purpose platform supply vessel to Singapore and NC 239- 13 M Harbor tug , NC 240 -45 M barge to Maldives
2017	Completed and delivered newly build vessels NC 234 - 78M multipurpose platform supply vessel Singapore and NC 235/236- 78 M (9000Kw) anchor handling / offshore support vessel To Singapore
2018	Completed and delivered newly build vessel NC 237 - 78 M (9000Kw) Anchor Handling/Offshore Support Vessel, to Singapore
2019	Completed and delivered newly built vessel NC 243 - 2x2500 kw cable laying vessel to Japan
2020	Completed and delivered newly built vessels NC 246, NC 247 - 19 M Fast Pilot Boat I, to Sri Lanka Port Authority. Entered in to European market securing a contract to build 5000DWT Eco Bulk Carrier (NC 250) for Norway
2021	Completed and delivered newly built vessels NC 244-buoy tender vessel, NC 245- pilot station vessel to IRQA and NC 248- 19 M Fast Pilot Boat III to Sri Lanka Port Authority
2022	Completed and Delivered NC 250 5000DWT Bulk carrier 1 to Norway which was the 1st hybrid vessel constructed by the company for Europe market
2023	<p>Completed and delivered two numbers of 5000DWT bulk carriers NC 251 and NC 252 to Norway and completed and delivery of Cable Laying & repairing vessel NC 256 to France.</p> <p>Award of 4 new shipbuilding contracts to build four numbers of 5000DWT bulk carriers to Norway</p> <p>Introduced lean management practices to the company</p>
2024	Completed and delivered three numbers of 5000DWT bulk carriers NC 253, NC 254 and NC 255 to Norway

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 2024 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 complying 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

Board Responsibilities

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, Nomination and Governance 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.

Composition of the Board

The current Board comprises of seven (as of 31/12/2024) Directors; six of them are Non-Executive Directors.

Mr. Thimira S. Godakumbura, Managing Director/CEO is an executive directors of Colombo Dockyard PLC.

All Non Executive Directors submit a Declaration annually to the Board regarding their independence.

Non-executive Directors, Mr. C. C. Wickramatileka and Mr. C. A. M. Jayamaha are Independent in terms of the Listing Rules of the Colombo Stock Exchange (CSE) and the Board so determined based on the annual declarations submitted by the non-executive directors. All Directors have provided declarations confirming that they satisfy the fit and proper criteria set out in Section 9.7.4 of the CSE Listing Rule No. 9.

As per the companies Act no 07 of 2007, an Ordinary Resolution will be placed before the shareholders at the Annual General Meeting, as set out in Notice of Meeting (Item 2 & 3), to approve that the age limit stipulated in Section 210 of the Companies ACT No.07 of 2007 shall not apply to Mr.Lalith Ganlath and Mr.Sarath de Costa, who have reached 73 years of age, and to approve their reappointments as directors of the Company as per Section 211 of the Companies Act No.07 of 2007.

Mr. V G L A Jayawardena, Director appointed by the Sri Lanka Insurance Corporation Limited, will retire from office at the Annual General Meeting to be held on the 30th of June 2025 by rotation and retain office until the close of the AGM, including any adjournment thereof. He shall be eligible for re-election in terms of the Articles of Association of the Company.

The re-appointment of Mr.Lalith Ganlath, Mr.Sarath de Costa and Mr.V G L A Jayawardena have been reviewed and recommended by the Nominating and Governance Committee of the Company.

Necessary market announcements with regard to non- compliance of board composition and sub committees composition were made to CSE from time to time as required by the CSE Listing Rules.

Director	Position on the Board	Date of Appointment	Nature of Appointment
Mr. Lalith Ganlath	Chairman	21st June 1993	Non-executive/ Public Director (Non-Independent)
Mr. Sarath De Costa	Vice Chairman	21st June 1993	Non- executive/ Nominee Director
Mr. Thimira S. Godakumbura	Managing Director/ CEO	19th April 2023	Executive/ Nominee Director
Mr. C. C. Wickramatileka	Director	21st December 2023	Non-executive/ Public Director (Independent)
Mr. V. G. L. A. Jayawardena	Director	07th Sep 2020	Non-executive/ Nominee Director
Mr. Nihal D. Liyanage	Director	29th November 2022 (resigned on 24th Feb 2025)	Non-executive/ Nominee Director
Mr. C. A. M. Jayamaha	Director	6th March 2024	Non-executive/ Public Director (Independent)

Board Members	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee	Nomination and Governance Committee
Mr. Lalith Ganlath	--	Member	--	-
Mr. C. C. Wickramatileka (ACA)	Chairman	Member	Member	Chairman
Mr. Sarath De Costa	--	--	--	Member
Mr. C. A. M. Jayamaha	Member	Chairman	Chairman	Member
Mr. Nihal D. Liyanage	Member	--	-	-
Mr. V. G. L. A. Jayawardena	--	--	Member	-
Mr. Thimira S. Godakumbura	-	-	Member	-

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, Nomination & Governance 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.

Governance Reports

Corporate Governance

Board meeting attendance details are given in below table:

Name	March	April	May	June	July	Sep	Sep	Oct	Dec	Dec	Dec
Mr. Lalith Ganlath	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Sarath De Costa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Thimira S. Godakumbura	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. T Nakabe (resigned on 06/12/2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Mr. J. Furukawa (resigned on 06/12/2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Mr. K. Kobatake (appointed on 06/03/2024 & Resigned on 06/12/2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Mr. V. G. L. A. Jayawardena	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Nihal D. Liyanage	-	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
Mr. C. C. Wickramatileka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. C A M Jayamaha (appointed on 06/03/2024)	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Roles of Chairman and Chief Executive Officer (CEO)

The Chairman leads the Board and ensure that it works effectively and acts in the best interest of the Company. CEO is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Company.

Chairman's Responsibilities	CEO's Responsibilities
<ul style="list-style-type: none"> Setting agenda for board meetings in consultation with CEO, Directors, and the Company Secretary considering the matters relating to strategy, performance, resource allocation, risk management and compliance. Provide sufficient details included in the agenda to directors in a timely manner. Ensure effective participation of both Executive and Non-Executive directors. Ensure the balance of power between Executive and Non-executive Directors. Ensure the board is in complete control of the company's affairs and alert to its obligations to all shareholders and stakeholders. 	<ul style="list-style-type: none"> Develop the Company's strategy and obtain approval by the Board. Developing and recommending to the Board budgets supporting the Company's long-term strategy. Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and corporate governance principles. Establishing an organizational structure for the Company which is appropriate for the execution of strategy. Ensuring a culture that is based on the Company's values. Ensuring that the Company operates within the approved risk appetite.

FINANCIAL ACUMEN

The Board comprises a Associate member of Chartered Accountant of Sri Lanka and serve as the Chairman of the Audit Committee and member of Related Party Transactions Review Committee, Remuneration Committee and Nomination & Governance committee.

AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors of whom two directors are independent, namely Mr. C. C. Wickramatileka (Chairman), who is an Associate member of Institute of Chartered Accountant of Sri Lanka and Mr. C. A. M. Jayamaha and Mr. Nihal D. Liyanage (nominated by the Employees Provident Fund of the Central Bank of Sri Lanka.)

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

- Customer assessment and ship clearance processes followed by ship repair business division
- Current practice of stores management
- Yard maintenance and implementation of yard development
- systems and procedures relating to the controls over purchase of it equipment and general it maintenance expenses
- purchases, repair, maintenance & Disposal of Fixed Assets
- evaluation of KRY operation
- Annual budget 2024
- Interim Financial Statements

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 5 Occasions and reports on meeting were presented to the Board.

The Managing Director/CEO and General Manager (Finance)/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 of the performance and developments of the Group are presented at Board Meetings. The General Manager (Finance)/ Chief Financial Officer and General 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

Governance Reports

Corporate Governance

Audit Committee meeting attendance details are given in below table

Name	March	June	August	October	November
Mr. C. C. Wickramatileka	✓	✓	✓	✓	✓
Mr. Sarath De Costa	✓	-	-	-	-
Mr. Lalith Ganlath	✓	✓	✓	✓	✓
Mr. C. A. M. Jayamaha (appointed on 06/03/2024)	-	✓	✓	✓	✓

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three Non-Executive Directors, namely Mr. C. A. M. Jayamaha (Chairman), Mr. Lalith Ganlath and Mr. C. C. Wickramatileka.

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. C. A. M. Jayamaha (Chairman), who is an independent director, Mr. C. C. Wickramatileka (independent), Mr. V. G. L. A. Jayawardena and one executive director namely Mr. Thimira S. Godakumbura, Managing Director/CEO of the company.

During the period under review the Committee met on 4 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	April	July	Oct	Dec
Mr. C A M Jayamaha (appointed on 10/10/2024)-Chairman	-	-	✓	✓
Mr. C. C. Wickramatileka	✓	✓	✓	✓
Mr. V. G. L. A. Jayawardena (Appointed on 06/12/2024)	-	-	-	✓
Mr. Thimira S. Godakumbura	✓	✓	✓	✓
Mr. Sarath De Costa (Till 10/10/2024)	✓	✓	✓	-
Mr. Lalith Ganlath (Till 06/12/2024)	✓	✓	✓	-

NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance Committee comprises of three Non-Executive Directors, namely Mr. C. C. Wickramatileka (Chairman), Mr. C. A. M. Jayamaha and Mr. Sarath de Costa.

Functions

The Committee will evaluate the appointment of Directors to the Board and Board Committees and make recommendations for appointments, re-appointments, re-elections of directors to the board. The committee maintain a transparent procedure to evaluate, select and appoint/re-appoint directors in line with the guideline given by the CSE Rules.

ANNUAL GENERAL MEETING

The Company's 41st Annual General Meeting (AGM) was held on 19th June 2024 at the AGM, 140 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 2023 and the Report of the Auditors.
- Re-election of Mr. Sarath De Costa and Mr. Lalith Ganlath, Directors in terms of the Companies Act No. 07/2007 and Articles of Association of the Company.
- To appoint Mr. C. C. Wickramatileka and Mr. C. A. M. Jayamaha who were appointed to fill casual vacancies during year 2024 until the AGM on 19/06/2024.
- Appointment of KPMG, Chartered Accountants as the External Auditors of the Company for 2024 and to authorize the Directors to approve their remuneration
- To authorize the Directors to determine donations for the year 2024 and up to the date of the next AGM.
- A special resolution passed at the AGM to adopt the new Articles of Association of the Company.

The Company Comply with Corporate Governance Rules as per Section 7 & 9 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 the, B. R. De Silva & Co, Chartered Accountants, which reports directly to the Audit Committee 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., Dockyard Total Solutions (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 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 PLC is the formation of our "Health, Environment, Safety and Productivity Improvement" (HESPI) Committee representing organization wise employees headed by the General Manager (Human Resource Development & Administration).

Corporate Governance

Following a satisfactory Technical Review, Colombo Dockyard PLC has been approved by LRQA (Lloyd's Register Quality Assurance Limited) as meeting the requirements ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 occupational health and safety (OH&S) management to the scope detailed on the approved certificate. 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 are 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.

STATEMENT OF COMPLIANCE

As part of our commitment to upholding the highest standards of corporate governance and regulatory compliance, we provide regular updates to our existing Directors on relevant matters such as Corporate Governance, Listing Rules, securities market regulations, and other applicable laws.

We ensure that all necessary measures are taken to comply with the corporate governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange. Our proactive approach ensures transparency, accountability, and integrity in our operations, fostering trust among our stakeholders and reinforcing our commitment to best practices in corporate governance.

POLICES

Company establishes and maintains Policies as a Corporate Governance requirement under the Listing Rules and details of implementation process of such policies are on the Company website

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.cdli.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.

Levels of Compliance with the Colombo Stock Exchange's Listing Rules Section 09 – Rules on Corporate Governance are given in the following table.

Subject	Rule No		Compliance status	Details	Page No
Disclose the float adjusted market capitalization, public holding percentage (%), number of public shareholders	7.6(iv)(a)	In respect of a Local Entity which has its LKR denominated Shares listed on the Exchange, such Entity shall disclose the float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares	Complied	Shareholder Information	79
Content of Annual Report	7.6	Listed Entity must include in its annual report and accounts information specified in the rule 7.6	Complied	Annual Report	21-154
Material Issues pertaining to employees and Industrial relations	7.6(VII)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Resource management and CSR initiatives	42
Extent of Compliance with Corporate Governance Rules	9.1.3	The extent of compliance with Corporate Governance Section 09 of the listing rules issued by CSE is tabulated below	Complied	Corporate Governance	64
Policies	9.2.1	Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the company's on its website	Complied	Published in the company's website www.cdl.lk	64
Disclosures in the Annual Report	9.2.3	Disclose in its Annual Report regarding the list of policies that are in place in conformity Rule 9.2.1 and details pertaining to any changes to policies adopted by the company in compliance with Rule 9.2	Complied	Corporate Governance	64
Board Committees	9.3	Company shall ensure that the Board committees such as Nominations and Governance Committee, Remuneration Committee, Audit Committee, Related Party Transactions Review Committee are established and maintained at a minimum and are functioning effectively	Complied	Board of Directors	58
Communication and relation with Shareholders and Investors	9.4.2	Company shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity	Complied	Published in the company's website www.cdl.lk	64
Disclosures in the Annual Report Policy on matters relating to the Board of Directors	9.5.2	confirm compliance with the requirements of the policy referred to in Rule 9.5.1	Complied	Board of Directors	58

Governance Reports

Corporate Governance

Subject	Rule No		Compliance status	Details	Page No
Chairperson and CEO	9.6.1	The Chairperson of every Listed company shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such company in terms of Rule 9.6.3	Complied	Composition of the Board	59
Disclosures in the Annual Report regarding Fit and Proper Assessment Criteria of directors and CEO	9.7.4	disclosures/reports in the Annual Report Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules	Complied	Corporate Governance	58-59
Board Composition	9.8.1 9.8.2	The Board of Directors of a Listed company shall, at a minimum, consist of five (05) Directors Minimum Number of Independent Directors	Complied	Corporate Governance	58
Declarations of Independent directors	9.8.5	Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence"	Complied	Corporate Governance	58
Disclosures in the Annual Report in relation to directors	9.10.4	Company shall disclose the details mentioned in rule 9.10.4 in relation to the Directors in the Annual Report:	Complied	Profiles of Directors	19-22
Nominations and Governance Committee	9.11.1 9.11.2 9.11.3	Listed company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee. The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	Nominations and Governance Committee report	62
Composition of Nominations and Governance Committee	9.11.4	The company shall disclose the composition and details of Nominations and Governance Committee as specified in the rule 9.11.4	Complied	Nominations and Governance Committee report	90

Subject	Rule No		Compliance status	Details	Page No
Functions of Composition of Nominations and Governance Committee	9.11.5	Functions of the Nominations and Governance Committee	Complied	Nominations and Governance Committee report	90
Report of the Nominations and Governance Committee	9.11.6	The Annual Report of company shall contain a report of the Nominations and Governance Committee signed by its Chairperson with the details specified in rule 9.11.6	Complied	Nominations and Governance Committee report	90
Composition of Remuneration Committee	9.12.6	The company shall members of the Remuneration Committee as specified by the rule	Complied	Remuneration Committee report	62
Disclosure in the Annual report regarding the Remuneration Committee	9.12.8	The company shall disclose the details of the Remuneration Committee as specified in the rule 9.12.8	Complied	Remuneration Committee report	62
Composition Audit Committee	9.13.3 (1)	The company shall appoint members of the Audit Committee as specified by the rule	Complied	Remuneration Committee report	62
Disclosure in the Annual report regarding the Audit Committee	9.13.1	The company shall disclose the details of Audit Committee as specified in the rule 9.12.8	Complied	Audit Committee report	60-62
Audit Committee Report	9.13.5	The company shall include an Audit Committee report with the details specified in the rule 9.13.5	Complied	Audit Committee report	60-62
Composition of Related Party Transactions Review Committee	9.14.2(1)	The Related Party Transactions Review Committee shall comprise of a minimum of three (3) Directors of the Listed company, out of which two (02) members shall be Independent Directors of the Listed company. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee	Complied	Related Party Transactions Review Committee report	62
Meetings of Related Party Transactions Review Committee	9.14.4	The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors	Complied	Related Party Transactions Review Committee report	62
Disclosure regarding the Non-recurrent Related Party Transactions	9.14.8(1)	if the aggregate value of the non recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the information specified in rule 9.14.8(1) must be presented in the Annual Report in the tabular format.	Not Applicable	Not Applicable	88

Corporate Governance

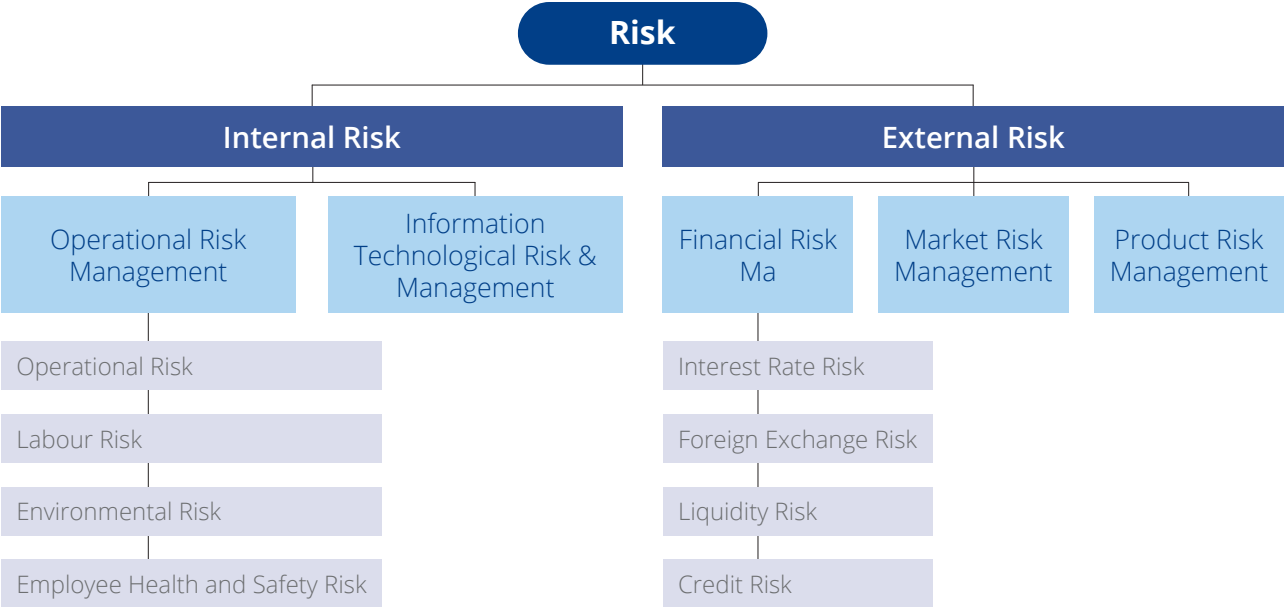
Subject	Rule No		Compliance status	Details	Page No
Disclosure regarding Recurrent Related Party Transactions	9.14.8(2)	if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the company must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in the Annual Report.	Not applicable 10% Gross revenue as per the audited financial statement in 2023 Rs. Rs. 3310mn The aggregate value of recurrent related party transaction in 2024 is Rs.1,833Mn	Related Party Transactions Review Committee report	88
Related Party Transactions Review Committee report and an affirmative declaration by the Board of Directors	9.14.8(3) & (4)	The Annual Report shall contain a report by the Related Party Transactions Review Committee with the information specified by the rule	Complied	Related Party Transactions Review Committee report	88
Additional Disclosures by the Board of Directors	9.17 (i)	Declare all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Complied	Annual Report of Board of Directors	86
	9.17 (ii)	conduct a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so	Complied	Annual Report of Board of Directors	83
	9.17 (iii)	made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions	Complied	Annual Report of Board of Directors	83
	9.17 (iv)	disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Complied	Annual Report of Board of Directors	83

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023)

Code Ref	Requirement	Reference	Complied	Page Ref
A.1	The Board	The Board of Directors	Complied	58
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Board Meetings	Complied	58
A.1.2	Roles & Responsibilities of the Board	The Role of the Board	Complied	58
A.1.3	Compliance & Independent Professional Advice	The Board of Directors	Complied	58
A.1.4	Access to advice and services of Company Secretary	The Board of Directors	Complied	58
A.1.5	Independent Judgement	The Board of Directors	Complied	58
A.1.6	Dedicate Adequate Time and Effort	The Board of Directors	Complied	58
A.1.7	Calls for Resolutions	The Board of Directors	Complied	58
A.2	Chairman & Chief Executive Officer	Role of Chairman and CEO	Complied	60
A.3	Chairman's Role in Preserving Good Corporate Governance	Role of Chairman and CEO	Complied	60
A.4	Availability of Financial Acumen	Financial Acumen	Complied	60
A.5	Board Balance	Composition of the Board	Complied	58
A 5.1 & A 5.2	Independent Non-Executive Directors	Composition of the Board	Complied	58
A.5.3	Director's Independency	Composition of the Board	Complied	58
A.5.4	Annual Declaration	The Board of Directors	Complied	58
A.5.5	Annual determination of independence of Non-Executive Directors	The Board of Directors	Complied	58
A.6	Provision of Appropriate and Timely Information	Communication with Shareholders	Complied	64
A.7	Appointments to the Board- Nomination Committee	Nominations and Governance Committee report	Complied	90
A.7.1	Composition of Nomination Committee	Nominations and Governance Committee report	Complied	90
A.7.2	Annual assessment of Board composition		Complied	
A.7.5 A.7.6	Profile of the Members of the Nomination Committee Terms of Reference for Nomination Committee	Nominations and Governance Committee report	Complied	90
B.1	Directors' Remuneration	Remuneration Committee	Complied	08
B.3	Disclosures related to Remuneration in Annual Report	Note No 08	Complied	08
C.1	Constructive use of the AGM & conduct of General Meetings	Annual General Meeting	Complied	63
C.2	Communication with shareholders	Communication with Shareholders	Complied	64
D.2	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Risk Management	Complied	70
D.3	Audit Committee	Audit Committee Report	Complied	60
D.5	Related Party Transactions Review Committee	Related Party Transactions Review Committee Report	Complied	62

Risk Management

Our approach to risk management aims to address significant risks that could affect the Group's operations. To support this, Colombo Dockyard categorizes key risks including environmental, social, and governance risks, as well as operational, business, and finance risks into more specific and identifiable subcategories, as outlined below..



RISK RESPONSIBILITY

The Board of Directors and its sub-committees are overseeing the organization's overall risk strategy, while the General Management team carries out risk analysis and advises the board on ways to strengthen risk management practices. Our risk management approach is guided by the principles and framework of the ISO 31000:2009 standard.

At the same time, we integrate risk-based thinking into our occupational health and safety (OH&S) practices in line with the ISO 45001:2018 standard. As part of this, we regularly update relevant managers on emerging risk management concepts and conduct gap assessments related to ISO 45001:2018. Based on these assessments, we deliver targeted training to ensure effective implementation.

RISK VOLATILITY

The marine and shipbuilding industry is naturally associated with high-risk conditions-often described as "3D" (dirty, dangerous, and difficult). Because of this, both internal and external risk factors demand continuous attention and active management. To address this, we engage every business division in the risk management process. Furthermore, we have fostered a culture of awareness and accountability, encouraging all employees to stay alert to potential risks and report any concerns to the appropriate supervisors.

RISK ASSESSMENT AND MAPPING

We evaluate risks using both qualitative and quantitative approaches to understand how likely each risk is to occur. By identifying these risks and placing them on a risk map, we assess their overall importance to our business operations and value creation. The map reflects both the likelihood of each risk and its potential consequences-whether it affects cost, schedule, or performance. Where a risk appears on the map helps us determine if it falls within our acceptable risk limits. Based on this analysis, we decide what actions are needed to reduce the risk and how intensive those actions should be.

RISK MANAGEMENT PROCESS

Our risk management process is comprehensive and systematic. The below illustration present how we approach risk management.



Each division head within the company is responsible for continuously identifying and recording potential risks in alignment with the company's Quality Management System. Every division keeps a risk register and updates it regularly. Once a risk is identified, it is analyzed for its significance, and appropriate mitigation strategies are put in place. The Management Committee then reviews these risks and submits their recommendations to the Board.

After mitigation measures are implemented, the Audit Committee evaluates how effective the entire risk management process is. This review spans from the Board's role in identifying risks to how those risks are tracked and addressed at the operational level. Additionally, internal controls, internal audits, and independent assessments all contribute to ensuring the risk management system is robust. While internal controls focus on day-to-day operations, external audits and third-party reviews help identify and address any shortcomings in how risks are managed.

RISK STRATEGY IMPLEMENTATION

As part of our risk management strategy, we classify risks into internal and external categories and assess their significance to determine which are most critical. Based on this assessment, we develop suitable solutions and response plans. The table below provides a detailed overview of the key risks we face, their potential impact, and how we are addressing them.

Governance Reports

Risk Management

01. INTERNAL RISK

1.1 Operational Risk Management

1.1.1 Operational Risk

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(Quality Management Systems).

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 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

1.1.2 Labour Risk



1.1.2 Environmental Risk



1.1.3 Employees' health and safety Risk



Governance Reports

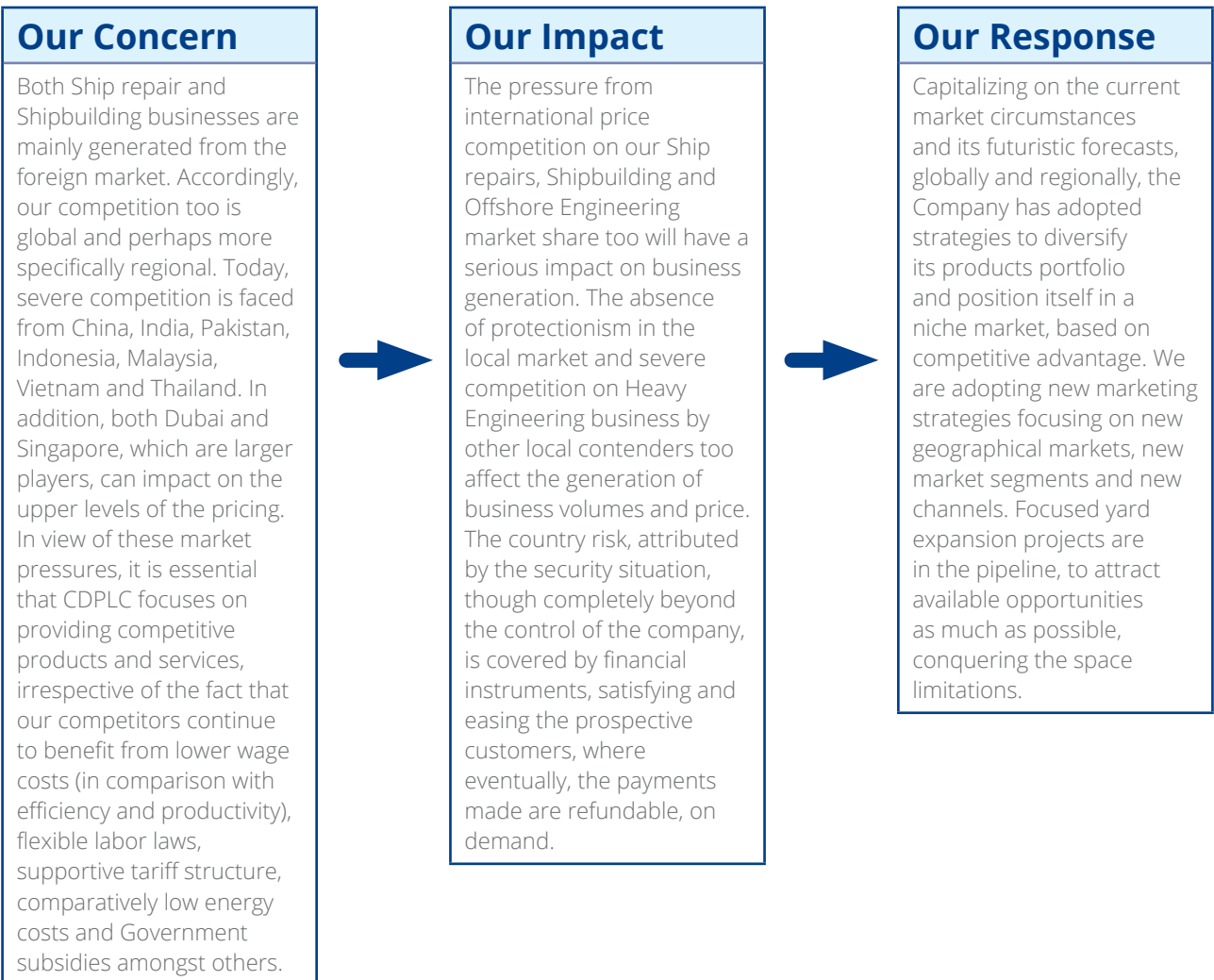
Risk Management

1.2 Information Technological Risk & Management

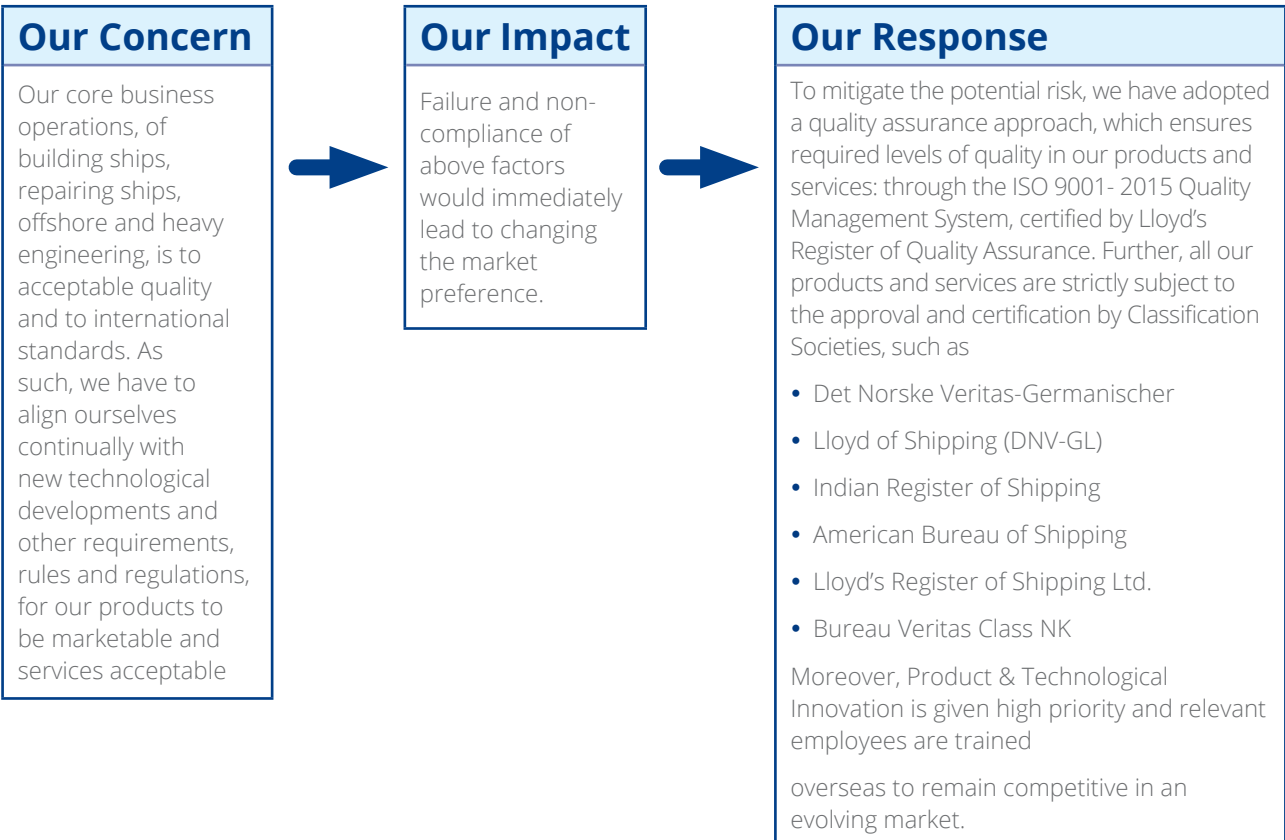


02. EXTERNAL RISK

2.1 Market Risk Management



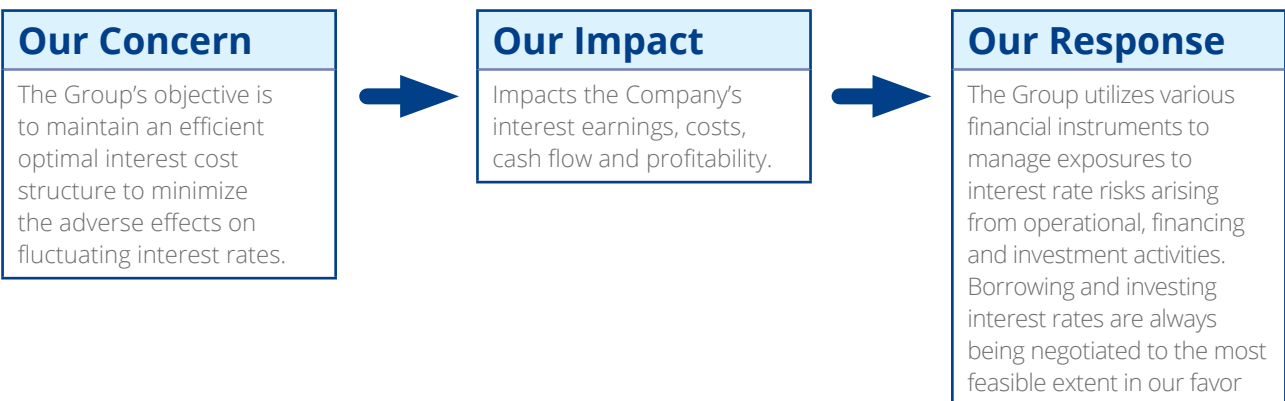
2.2 Product Risk Management



2.3 Financial Risk Management

Financial risks relate 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.

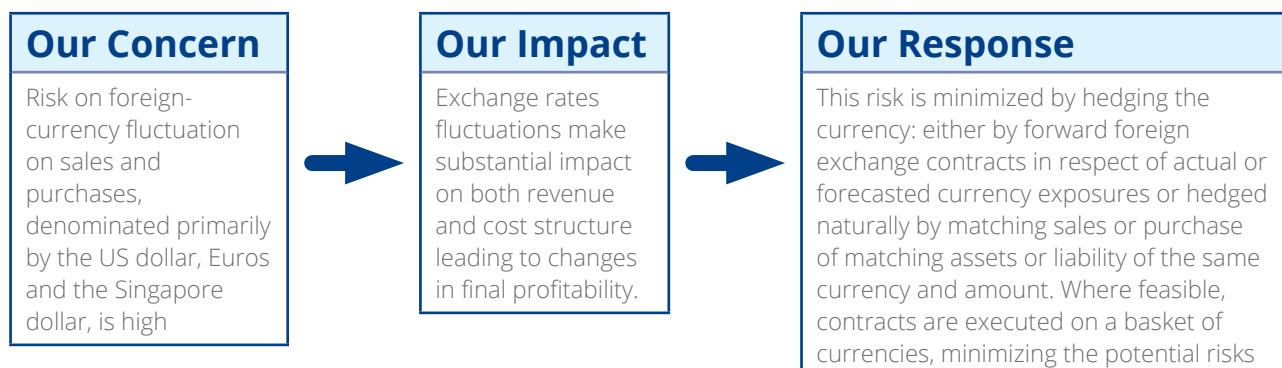
2.3.1 Interest Rate Risk



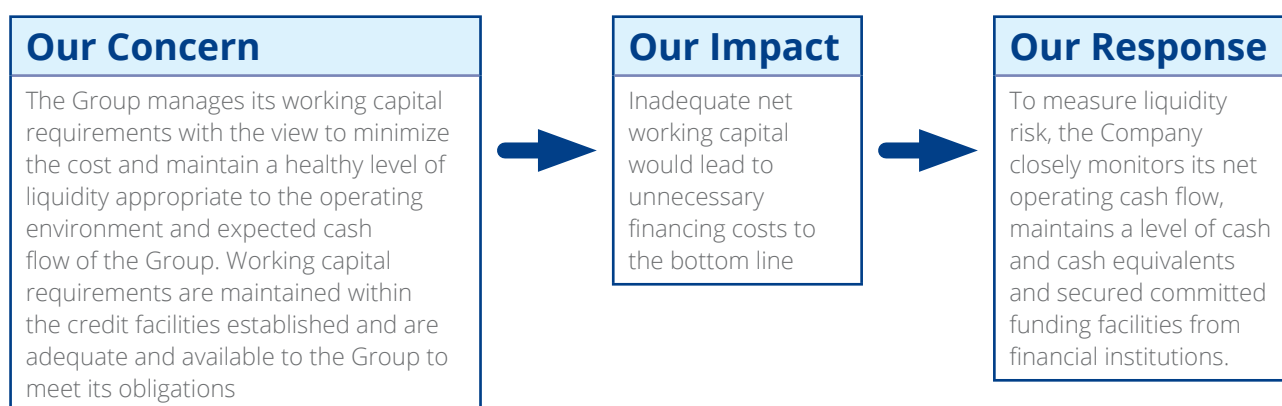
Governance Reports

Risk Management

2.3.2 Foreign Exchange Risk



2.3.3 Liquidity Risk



2.3.4 Credit Risk



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 2024 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.

FINANCIAL PERFORMANCE

During the year under review, the Company achieved total revenue of Rs. 23,695.5 Mn (2023 - Rs. 33,068.5 Mn) and net loss of Rs. 2,757.4 Mn. (2023 – Net Loss Rs. 11,127.0Mn) leaving the shareholders' value with Rs. 2,700.7 Mn (2023 - Rs. 473.4 Mn).

DIVIDEND APPROVED

No dividend has been approved for the year end 2024.12.31 (2023 – Rs.0.00).

DIVIDEND PAY OUT RATIO

As per Colombo Stock Exchange Listing Rule No: 7.6 (xi), Company Dividend Payout Ratio was 0.0 during 2024 (2024 : 0.0).

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	2024	2023
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Revenue	6,941	5,934	4,678	6,142	23,695	33,068
Gross Profit/(Loss)	292	(341)	(663)	992	119	(6,962)
Profit/(Loss) after Tax	(358)	128	(1,336)	(981)	(2,757)	(11,127)
Shareholders' Fund	748	5,102	3,765	2,782	2,700.7	473
Total Assets	35,229	41,086	42,267	39,864	40,310	36,049

SHAREHOLDERS INFORMATION

Share Capital

	2024-12-31	2023-12-31
Stated Capital Rs.	714,395,757	714,395,757
Number of Shares	71,858,924	71,858,924
Number of Shareholders	5,249	5,110
Voting Rights	1 Vote per Share	1 Vote per Share
Class of Shares	Ordinary Share	Ordinary Share

Governance Reports

Shareholder Information

Distributing of Shareholding as at 31st December 2024

(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	1000	4,234	664,767	0.92
1,001	10,000	848	2,625,776	3.65
10,001	100,000	142	4,357,103	6.06
100,001	1,000,000	19	4,766,821	6.63
1,000,001 above		6	59,444,457	82.74
		5,249	71,858,924	100.00

List of Largest 20 Shareholders as at 31st December 2024

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

NO	NAME	31/12/2024	%	31/12/2023	%
1	ONOMICHI DOCKYARD COMPANY LIMITED	36,648,051	51.00	36,648,051	51.00
2	EMPLOYEE'S PROVIDENT FUND	11,744,009	16.34	11,744,009	16.34
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	3,592,998	5.00	3,592,998	5.00
4	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	3,536,548	4.92	3,536,548	4.92
5	SRI LANKA PORTS AUTHORITY	2,186,191	3.04	2,186,191	3.04
6	EMPLOYEES TRUST FUND BOARD	1,736,660	2.42	1,736,660	2.42
7	BANK OF CEYLON NO. 1 ACCOUNT	797,625	1.11	797,625	1.11
8	MR. D.G. WIJEMANNA	640,000	0.89	500,000	0.696
9	MR. R.C.D. DE SILVA	350,000	0.49	-	-
10	MRS. T.T.A. DE SILVA WEERASOORIA	349,266	0.49	349,266	0.486
11	BANK OF CEYLON-NO2 A/C (BOC PTF)	302,900	0.42	302,900	0.422
12	FINCO HOLDINGS (PRIVATE) LIMITED	294,707	0.41	-	-
13	PEOPLE S LEASING AND FINANCE PLC/U. L. B. ARIYARATNA	232,480	0.32	-	-
14	LANKA MILK FOODS (CWE) LIMITED	219,948	0.31	219,948	0.306
15	SAMPATH BANK PLC / ARUMAPURAGE PETER LASANTHA FERNANDO	180,000	0.25	180,000	0.25
16	HARNAM HOLDINGS SDN BHD	172,122	0.24	315,083	0.438
17	E. W. BALASURIYA & CO. (PVT) LTD ACC NO 01	165,123	0.23	165,123	0.23
18	DR. H. S. U. AMARASEKERA	158,637	0.22	-	-
19	MR. S. M. B. OBEYSEKERA	146,479	0.20	146,479	0.20
20	MR. M. S. M. ALI	144,763	0.20	-	-
		63,598,507	89.00	62,420,881	.00 87
	Others	8,260,417	11.00	9,438,043	13.00
	Total	71,858,924	100.00	71,858,924	100.00

Composition of Shareholding

The total number of shareholders of CDPLC is 5,249 as at 31st December 2024, which is 2.72% increase compared to 5,110 as at 31st December 2023.

Category	No of Shareholders	No of Shares	%
Local Individuals	4,962	7,544,162	10.49
Local Institutions	194	27,079,454	37.68
Foreign Individuals	86	298,495	0.41
Foreign Institutions	7	36,936,813	51.42
Total	5,249	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 2024, the share price of Colombo Dockyard PLC recorded a increase of 30% (Rs.15.4) compared to the previous year's closing price

Market price per Share	As at 2024-12-31	As at 2023-12-31
Highest during the year	Rs.70.00(31/12/2024)	Rs. 68.00 (14/03/2023)
Lowest during the year	Rs.41.00 (23/09/2024)	Rs.48.00 (27/12/2023)
As at end of the year	Rs. 65.90	50.50

Market Capitalization

CDPLC has recorded its market capitalization as at the balance sheet date of 31st December 2024 as Rs. 4,735.5 Mn (2023 – Rs. 3,628.8Mn.). CDPLC represent 0.08% (2023 – 0.09%) of the total market capitalization

Shares Trading	As at 2024-12-31	As at 2023-12-31
No of Transaction	6,634	3,044
No of Shares traded	6,161,964	2,398,267
Value of Share traded (Rs.)	334,430,656.5	146,383,309.4

Earnings per Share

The Earnings Per Share (EPS) for 2024 was recorded at (Rs. 38.3), showing a 75% improvement compared to the previous year's EPS of (Rs. 153.4). EPS is determined by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Stakeholder satisfaction remains a key indicator of our long-term sustainability. Therefore, our business priorities focus on economic growth, environmental responsibility, strong relationships with customers and suppliers, and promoting social inclusion.

Public Shareholding

As per Rule No: 7.6 (iv) of the Colombo Stock Exchange, percentage of shares held by the Public as at December 2024 is 48.94% (2023 – 48.94%). Number of public shareholders as at 31st December 2024 was 5,242. The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) less than Rs. 2.5 Bn Float Adjusted Market Capitalisation.

Float Adjusted Market Capitalization

The float adjusted market capitalization as at 31st December 2024 was Rs. 2,317,730,612.10 with reference to rule no. 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange.



Strategic focus on technological excellence, efficient supply chain management, and data-driven decision making has been pivotal in navigating the volatile global economy



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Financial Calendar 2023/2024

2024		
Approval of Financial Statements - 2023	31st May	2024
Interim Report - 4th Quarter - 2023	6th March	2024
Publishing of Annual Report - 2023	31st May	2024
Ex-Dividend Date	-	2024
Payment of Dividend	-	2024
41st Annual General Meeting - 2023	19th June	2024
Interim Report - 1st Quarter - 2024	21st May	2024
Interim Report - 2nd Quarter - 2024	15th August	2024
Interim Report - 3rd Quarter - 2024	15th November	2024
Financial Year-end	31st December	2024

2025		
Approval of Financial Statements - 2024	03 rd June	2025
Interim Report - 4th Quarter - 2024	06th March	2025
Publishing of Annual Report - 2024	04 th June	2025
Ex-Dividend Date	-	2025
Payment of Dividend	-	2025
42nd Annual General Meeting - 2024	30th June	2025
Interim Report - 1st Quarter – 2025	16 th May	2025
Interim Report - 2nd Quarter – 2025	15th August	2025
Interim Report - 3rd Quarter - 2025	15th November	2025
Financial Year-end	31st December	2025

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 2024, 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 6th June 2025. 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 future developments are stated in the Chairman's message page no 14 to 16 and Managing Director/CEO's Review on pages 17 to 18 in this Annual Report. This report forms 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 message page no 14 to 16 and Managing Director/CEO's Review (pages 17 to 18).

Financial Statements

The Financial Statement of the Company and the Group for the year ended 31st December 2024 are duly certified by the General Manager (Finance)/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 pages 97 to 151 of this Annual Report.

Auditors' Report

Company Auditors, KPMG, performed the audit on the Consolidated Financial Statements for the year end 31st December 2024, and the Auditors' Report issued thereon is given on pages 93 to 96 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 pages 104 to 117 of the Annual Report as required by Section 168 (1) (d) of the Companies Act

Principal Activities of the Company and the Group

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
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 Total Solutions (pvt) Ltd	Provide skilled technical services, detail design engineering, ship repair, ship building, heavy engineering and ICT solutions

Going Concern of the Company

The non-recurring nature of the losses incurred, improved market conditions, healthier country status and current business strategy, the directors are satisfied that the Company, its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements (note 38)

The shares of the Company have been transferred to the watch list with effect from 10th June 2024 due to emphasis of matter on going concern in the Independent Auditors Report in the Annual Report for the year ended 31st December 2023. The board of directors are closely following up this matter and will take necessary steps to resolve it at its earliest possibility.

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

Gross Income of the Group and the Company

The revenue of the Group during the year was Rs. 25,447.0 Mn (2023 - Rs. 36,167.6 Mn), while the Company's revenue was Rs. 23,695.5 Mn (2023 - Rs. 33,068.5 Mn) Analysis of the revenue is given in Note 05 to the Financial Statement on pages 118 to 119 of this Annual Report

Profit for the year:	2024	2023
	Rs'000	Rs'000
Group post - tax profit (Loss)	(2,742,897)	(11,006,427)
Amount attributable to Minority Interest	(1,258)	17,208
Porfit / (Loss) attributable to the Shareholders of Colombo Dockyard PLC	(2,742,897)	(11,023,635)
Other Comprehensive Income/(Expense)	23,716	112,007
Retained Profit B/F	(3,854,830)	7,056,798
Available for sales of financial assets	-	-
Dividends Paid -	-	-
Retained Profit C/F	(6,573,294)	(3,854,830)

Group Reserves

Total Group Retained Earning Reserves at 31st December 2024, was amounted to (Rs. 6,573.2 Mn) (2023 - (Rs. 3,854.8 Mn)). The movements of the Reserves during the year are shown in the Statements of Changes in Equity on pages 100 to 101 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 121.

Dividends

No dividend has been declared for the year ended 31st December 2024

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.

Shareholder Information

Information relating to earnings, dividends, and net assets per share and market value per share is given in from pages 77 to 79.

Property, Plant & Equipment

The Group's total capital expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 382.4 Mn (2022 - Rs. 432.4Mn). The extent of the freehold lands held by the Group as at the balance sheet date is 1,103.7 perch (2023 - 1,103.7 perch) recorded at revalued amount. The details of Property, plant and equipment are given in Note 11 to the Financial Statements on page 125.

Market Value of Freehold Properties

The net book value of freehold properties owned by the Group as at 31st December 2024 is included in the accounts at Rs. 20,880.1 Mn (2023 - Rs. 13,955.5 Mn). The lands of the Group have been revalued by an independent chartered valuation firm, Siri Nissanka Associates (Pvt) Ltd, as at 31 December 2023.

The Dry docks in free hold Land and Dockside Cranes of the Company have been revalued by an independent chartered valuation firm, Priyantha WithanarachchiAssociates (Pvt) Ltd, as at 31 December 2024 The details of freehold lands owned by the Group are given in page 127 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 2024.

Pending Litigation

In the opinion of the Directors and the Company Lawyers, 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 Nil (2023 - nil-) 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 2024 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 93 to 151 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.

Executive Director

Mr. Thimira S. Godakumbura (MD/CEO)

Non-Executive Directors

Mr. Lalith Ganlath (Chairman)
Mr. Sarath De Costa (Vice Chairman)
Mr. C. C. Wickramatileka
Mr. C. A. M. Jayamaha
Mr. V. G. L. A. Jayawardena
Mr. Nihal D Liyanage (resigned on 24/02/2025)

Directorate

The Board of Directors of Colombo Dockyard PLC, as at the date of this report, is as set out on page 19 of the Annual Report. The change in the directorate from the date of the last report to this report is as follows.

- Mr. Takashi Nakabe, Mr. J. Furukawa and Mr. Kunio Kobatake who were appointed as Nominee Directors of Onomichi Dockyard Co. Ltd on the 24th of March 2010, 23rd January of 2023 and the 6th of March 2024 respectively, resigned on the 6th of December 2024.

- Mr. C A M Jayamaha who was appointed to serve as a director to fill a casual vacancy on the 06th of March 2024 was re-elected at the Annual General Meeting held on the 19th of June 2024.
- Mr. S Nozaki, Alternate Director to Mr. T. Nakabe since 27th September 2022 resigned on 12th January 2024.

As per the Companies Act No. 07 of 2007, an Ordinary Resolutions will be placed before the shareholders at the Annual General Meeting, as set out in the Notice of Meeting (Item 2 & 3) to approve that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Lalith Ganlath and Mr. Sarath de Costa, who have reached 73 years of age, and to approve their reappointments as directors of the Company as per Section 211 of the Companies Act No. 07 of 2007.

Mr. V. G. L. A. Jayawardena, the Director appointed by the Sri Lanka Insurance Corporation Limited, will retire from office at the Annual General Meeting by rotation and retain office until the close of the AGM, including any adjournment thereof. He shall be eligible for re-election in terms of the Articles of Association of the Company/

The re-appointments of Mr. Lalith Ganlath, Mr. Sarath de Costa and Mr. V. G. L. A. Jayawardena have been reviewed by the Nomination and Governance Committee of the company.

As per the Articles of Association of the Company, the Chairman, Vice Chairman and the Managing Director shall not be subject to retirement by rotation or be taken into account in determining the number of directors that are to retire each year.

Board Sub-Committees

The Board of Directors have formed four Board subcommittees and attendances is given in pages 60 to 62 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 2024:

	2024-12-31	2023-12-31
L. Ganlath	578	578
C. C. Wickramatileka	1,000	1,000

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

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 of the Company

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 the 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 and Lean methodology to the organization to develop clean and systematic working environment.

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 ISO 9001:- 2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 occupational health and safety (OH&S) management 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 147, 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, Nomination and Governance Committee and Related Party Transaction Review Committees are presented on pages 60 to 62 this Annual Report.

Corporate Governance

The Board of Directors of the Company has 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 64 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 2024 are given on page 78 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.

Group Employment

The number of persons employed by Colombo Dockyard PLC and its Subsidiaries as at 31st December 2024 was as follows:

	2024-12-31	2023-12-31
Group	2,065	2,029
Colombo Dockyard PLC	1,579	1,566

Directors' Declarations

The Directors declare that having considered all information and explanations made available to them that

- the Company complied with all applicable laws and regulations in conducting its business and are aware of changes, particularly to Listing Rules and applicable capital market provisions.
- they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
- the Company has made all endeavours to ensure the equitable treatment of Shareholders.
- they have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- No any material non-compliance with law or regulation and any fines which are material imposed by any government or regulatory authority in any jurisdiction where the company has operation.

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 39 to the Financial Statements on page 151 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 10.00a.m. on 30th June 2025. The Notice to the Annual General Meeting is given on page 153.

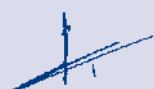
Auditors

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



Lalith Ganlath
Chairman



Thimira S. Godakumbura
Managing Director/CEO



Manori Mallikarachchi
Company Secretary/Legal Consultant

6th June 2025
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) and listing rules of Colombo Stock Exchange.

The Composition of the Committee is as follows:

Mr. C. A. M. Jayamaha – Chairman

Mr. C. C. Wickramatileka

Mr. V. G. L. A. Jayawardena

Mr. Thimira S. Godakumbura - (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 - General Manager (Finance)/CFO and 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

Reviewing and Communication of Related Party Transactions

The Committee reviewed the related party transactions of the Company and its subsidiaries and their compliance and communicated the same to the Board of Directors. Our thorough examination ensures transparency, fairness, and adherence to regulatory standards in all dealings involving related parties. By actively engaging in this oversight process, we uphold the principles of good governance and safeguard the interests of our stakeholders.

Ensured that all transactions involved with related parties are in the best interests of all stakeholders, maintain a high level of transparency in the procedures, and adhere to the regulations outlined in the Listing Rules

Non-Recurrent Related Party Transactions

There are no non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the company in the reporting period.

Recurrent Related Party Transactions

The aggregate value of the recurrent Related Party transactions does not exceeds 10% of the gross revenue as per the latest Audited Financial statements.

Meetings

Four Meetings were held during 2024 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 62.

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 Term of Reference

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



C. A. M. Jayamaha
Chairman

Related Party Transaction Review Committee

6th June 2025
Colombo, Sri Lanka

Nominations and Governance Committee Report

The Nominations and Governance Committee of the Company has been established on 10th November 2023 in terms of section 9.11 of the Corporate Governance Rules of the Colombo Stock Exchange.

Composition

The Nomination & Governance Committee comprises of three Non-Executive Directors, namely Mr. C. C. Wickramatileka (Chairman), Mr. C.A.M. Jayamaha and Mr. Sarath de Costa.

Attendance at Committee Meetings

Name	March 2024
Mr. C. C. Wickramatileka	Yes
Mr. C. A. M. Jayamaha	Yes
Mr. Sarath de Costa	Yes

Duties of the Nominations and Governance Committee

- The Nominations and Governance Committee evaluates and recommends the appointment, re-appointment and re-election of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re- election of current directors considering the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the MD of the Company to ensure their responsibilities are satisfactorily discharged.
- Develop succession plans for Board of Directors and Key Management Personnel of the company.

- Review of the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities
- Review and recommend the overall corporate governance framework of the Company considering the Listing Rules and other applicable regulatory requirements and industry best practices.
- Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, the Companies Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

Disclosure of Activities

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Newly appointed Directors are given an induction to the Company. The orientation program includes inviting the Directors to gain an understanding of the operations of the Company and its subsidiaries Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non independence. The fitness and propriety of the Directors were examined.



C. C. Wickramatileka
Chairman

Nominations and Governance Committee

6th June 2025
Colombo , Sri Lanka

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/LKASs).
- 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 and section 09 Corporate Governance 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 an 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 to every shareholder of the Company, who have expressed their desire to receive a printed copy or to other Shareholders a soft copy each shared by way of a web link containing the Annual Report within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) of Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange.

Company external auditors Messrs KPMG, Chartered Accountants 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 93, 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 147. 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

6th June 2025
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 2024 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.



Thimira S. Godakumbura
Managing Director/CEO



P. D. Gihan Ravinatha
General Manager (Finance)/CFO

6th June 2025
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 December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 71 to 124 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 December 31, 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Material uncertainty in relation to going concern.

We draw attention to Note 38 of the financial statements, which indicates that the Group and Company incurred a net loss of Rs. 2,742.8 Mn and Rs. 2,757.4 Mn respectively during the year ended 31 December 2024 and as at that date the Group's and the Company's accumulated losses amounted Rs. 6,573.2 Mn and 8,606.6 Mn respectively. Further, the Group's and the Company's current liabilities exceed the current assets by Rs. 7,008.2 Mn and Rs. 8,710.8 Mn respectively. These events or conditions, along with other matters as set forth in Note 38 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dhamaratne

Independent Auditors' Report



Revenue recognition on ship construction contracts

Refer the 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 8,962 Mn. for the year ended 31 December 2024.</p> <p>In all material respects revenue related to construction contracts are recognized over time, i.e, applying percentage of completion.</p> <p>The percentage 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 of the contract at completion.</p> <p>Therefore, the recognition of revenue and profit relies on estimates made by the management in relation to the final out-turn of the revenue and costs on each contract. Any changes to these estimates could give rise to material variance in the amount of the revenue and profit/loss recognized in a given financial period.</p> <p>There is a high degree of risk and significant management judgment associated with estimating the amount of revenue to be recognised by the Group based on the final out-turn on contracts. Accordingly, revenue recognition from ship construction contracts is considered a key matter.</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 and ensure these policies had been applied to individual contracts with customers appropriately. For actual cost incurred by the Company used in the determination of the stage of completion, we checked, on a sample basis, to contracts, invoices, project status reports and other relevant correspondence to evaluate the reasonableness of the same. We have also tested the mathematical accuracy of the percentage of completion computations. Analysing the expected costs to complete estimated by the company in the determination of the stage of completion. 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.

Revaluation of Dry dock in freehold land, and Cranes

Refer note 11 to the consolidated financial statements

Risk Description	Our Response
<p>As at 31st December 2024, Dry dock in freehold land, and Cranes are carried at fair value and classified as property, plant and equipment. The Group has recorded a net gain on revaluation of Cranes and Dry dock in freehold land amounting to 7,172.9 Mn as at 31st December 2024.</p> <p>The Group has engaged an independent external professional valuer with appropriate expertise in valuing properties, to determine the fair value of Dry dock in freehold land and cranes in accordance with recognized industry standards.</p> <p>We identified revaluation of Dry dock in freehold land, and Cranes as a key audit matter because of the significant judgement and estimates involved in assessing the fair value.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competence, and qualification of the external valuer. We assessed the key assumptions applied and conclusions made by the valuers in deriving the fair value of the Dry dock in freehold land, and Cranes with the consultation with our internal specialist. Assessing the adequacy of the disclosures in the financial statements.



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 auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

Independent Auditors' Report



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all 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 read 'Kpm', with a stylized flourish extending from the end.

Chartered Accountants
Colombo, Sri Lanka

6th June 2025

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December,	Note	Group		Company	
		2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Revenue	5	25,447,069	36,167,621	23,695,590	33,068,504
Cost of sales		(24,843,987)	(42,491,260)	(23,576,118)	(40,030,522)
Gross profit		603,082	(6,323,639)	119,472	(6,962,018)
Other income	6	650,294	478,425	631,194	479,700
Distribution expenses		(94,834)	(84,854)	(85,269)	(80,047)
Administrative expenses		(3,901,427)	(3,899,855)	(3,406,030)	(3,421,186)
Other operating income / (expenses)		(50,216)	(1,204,740)	(50,216)	(1,204,202)
Finance cost	7.1	(2,474,812)	(2,678,990)	(2,462,649)	(2,666,383)
Finance income	7.2	365,545	293,844	359,383	275,909
Profit / (loss) before tax	8	(4,902,368)	(13,419,809)	(4,894,115)	(13,578,227)
Income tax expenses	9	2,159,471	2,413,382	2,136,711	2,451,136
Profit / (loss) for the year		(2,742,897)	(11,006,427)	(2,757,404)	(11,127,091)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of free hold land		-	8,719,549	-	8,015,214
Revaluation of Dry Dock and Cranes		7,172,973	-	7,172,973	-
Defined benefit plan actuarial gains / (losses)	26.4	(52,974)	160,010	(50,605)	155,238
Tax on other comprehensive income		(2,136,000)	(2,663,868)	(2,136,711)	(2,451,136)
Fair value change of instruments valued at FVOCI		(994)	(309)	(994)	311
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations		(40,331)	(41,327)	-	-
Other comprehensive income for the year, net of tax		4,942,674	6,174,055	4,984,663	5,719,627
Total comprehensive Income /(Loss) for the year		2,199,777	(4,832,372)	2,227,259	(5,407,464)
Profits / (losses) attributable to;					
Owners of the company		(2,741,639)	(11,023,635)	(2,757,404)	(11,127,091)
Non - controlling interests		(1,258)	17,208	-	-
Profit / (loss) for the year		(2,742,897)	(11,006,427)	(2,757,404)	(11,127,091)
Total comprehensive Income /(Loss) attributable to;					
Owners of the company		2,225,189	(4,829,533)	2,227,259	(5,407,464)
Non - controlling interests		(25,412)	(2,839)	-	-
Total comprehensive Income /(Loss) for the year		2,199,777	(4,832,372)	2,227,259	(5,407,464)
Earnings/ (Loss) per share (Rs.)	10.1	(38.15)	(153.41)	(38.37)	(154.85)

The accounting policies and explanatory notes from pages 104 to 151 form an integral part of these Financial Statements. Figures in brackets indicate deductions

Statement of Financial Position

As at 31 December,	Note	Group		Company	
		2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
ASSETS					
Non current assets					
Property, plant and equipment	11	20,880,199	13,955,597	19,551,585	12,626,310
Investment property	12	-	-	2,865	2,865
Intangible assets	13	2,944	17,224	2,529	16,278
Right - of - use asset	14.1	273,101	244,962	240,356	242,270
Investment in subsidiaries	15	-	-	14,659	13,652
Investments classified as fair value through OCI	16.1	21,574	22,568	21,574	22,568
Deferred tax asset	17.2	-	15,014	-	-
Other financial assets including derivatives	20	506,128	420,474	493,657	412,226
		21,683,946	14,675,839	20,327,225	13,336,169
Current assets					
Inventories	18	3,511,463	3,716,313	2,976,760	3,243,803
Trade and other receivables	19	11,800,015	16,304,826	10,046,016	14,036,585
Other financial assets including derivatives	20	206,849	197,623	201,758	192,750
Amounts due from related parties	21	-	-	608,815	935,269
Investments classified as fair value through profit or loss	16.2	30,474	-	-	-
Cash and cash equivalents	22.1	6,627,953	4,430,580	6,149,968	4,304,315
		22,176,754	24,649,342	19,983,317	22,712,722
Total assets		43,860,700	39,325,181	40,310,542	36,048,891

As at 31 December,	Note	Group		Company	
		2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Stated capital	23	714,396	714,396	714,396	714,396
Exchange equalization reserve	23.1	84,890	101,067	-	-
Fair value through OCI reserve	23.2	20,844	21,838	21,464	22,458
Retained earnings		(6,573,293)	(3,854,830)	(8,606,632)	(5,874,062)
Revaluation Reserves		11,064,507	6,103,684	10,571,474	5,610,650
Equity attributable to equity holders of the parent		5,311,344	3,086,155	2,700,702	473,442
Non-controlling interest		179,211	204,623	-	-
Total equity		5,490,555	3,290,778	2,700,702	473,442
Non current liabilities					
Interest bearing borrowings	24	7,457,850	3,000,000	7,457,850	3,000,000
Lease liability	14.2	155,135	160,967	127,508	160,052
Deferred tax liability	17.2	195,040	211,018	-	-
Employee benefits	26	1,377,151	1,308,865	1,330,333	1,272,743
		9,185,176	4,680,850	8,915,691	4,432,795
Current liabilities					
Interest bearing borrowings	24	21,210,067	20,850,998	21,210,067	20,850,998
Other financial liabilities	25	-	-	1,006	1,751
Trade and other payables	27	6,478,522	8,572,386	5,314,869	6,848,307
Lease liability	14.2	90,290	41,376	83,010	31,728
Amounts due to related parties	28	-	-	714,941	1,688,741
Income tax payable	29	29,945	67,648	-	-
Dividend payable	30	10,484	10,487	10,484	10,487
Bank overdrafts	22.2	1,365,661	1,810,658	1,359,772	1,710,642
		29,184,969	31,353,553	28,694,149	31,142,654
Total equity and liabilities		43,860,700	39,325,181	40,310,542	36,048,891

The accounting policies and explanatory notes from pages 104 to 151 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.

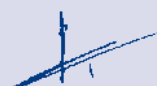


P. D. Gihan Ravinatha
General Manager (Finance)/Chief Financial Officer

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.



G. A. D. L. H. Ganlath
Chairman



Thimira. S. Godakumbura
Managing Director/CEO



Manori P. Mallikarachchi
Company Secretary

6th June 2025
Colombo, Sri Lanka.

Statement of Changes In Equity

Group	Attributable to equity holders of parent							
	Stated Capital	Retained Earnings	Fair Value Through OCI Reserve	Exchange Equalization Reserve	Revaluation Reserve	Total equity	Non-Controlling Interest	Total
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Balance as at 01 January 2023	714,396	7,056,798	22,147	122,347	-	7,915,688	207,462	8,123,150
Total comprehensive income for the year								
Profit/ (Loss) for the year	-	(11,023,635)	-	-	-	(11,023,635)	17,208	(11,006,427)
Other comprehensive income								
- Actuarial gain/(loss) on retirement benefit obligations	-	160,010	-	-	-	160,010	-	160,010
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	(48,003)	-	-	-	(48,003)	-	(48,003)
- Fair value gain/(loss) of investments valued at FVOCI	-	-	(309)	-	-	(309)	-	(309)
- Foreign currency translation differences - foreign operations	-	-	-	(21,280)	-	(21,280)	(20,047)	(41,327)
- Revaluation Reserves	-	-	-	-	8,719,549	8,719,549	-	8,719,549
- Deferred tax on Dry Dock & Cranes Revaluation	-	-	-	-	(2,615,865)	(2,615,865)	-	(2,615,865)
Transactions with owners of the company contributions by and distributions								
- Dividends paid	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	714,396	(3,854,830)	21,838	101,067	6,103,684	3,086,155	204,623	3,290,778
Balance as at 01 January 2024	714,396	(3,854,830)	21,838	101,067	6,103,684	3,086,155	204,623	3,290,778
Total comprehensive income for the year								
Profit/ (Loss) for the year	-	(2,741,639)	-	-	-	(2,741,639)	(1,258)	(2,742,897)
Other comprehensive income								
- Actuarial gain/(loss) on retirement benefit obligations	-	(52,974)	-	-	-	(52,974)	-	(52,974)
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	15,892	-	-	-	15,892	-	15,892
- Fair Value gain/(loss) of investments valued at FVOCI	-	-	(994)	-	-	(994)	-	(994)
- Foreign currency translation differences - foreign operations	-	-	-	(16,177)	-	(16,177)	(24,154)	(40,331)
- Revaluation Reserves	-	-	-	-	7,172,973	7,172,973	-	7,172,973
- Deferred tax on Dry Dock & Cranes Revaluation	-	-	-	-	(2,151,892)	(2,151,892)	-	(2,151,892)
- Realisation of revaluation surplus	-	60,258	-	-	(60,258)	-	-	-
Transactions with owners of the company contributions by and distributions								
- Dividends paid	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	714,396	(6,573,293)	20,844	84,890	11,064,507	5,311,344	179,211	5,490,555

	Stated Capital	Retained Earnings	Fair Value Through OCI Reserve	Revaluation Reserve	Total
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Balance as at 01 January 2023	714,396	5,144,363	22,147	-	5,880,906
Total comprehensive income for the year					
Profit / (loss) for the year	-	(11,127,091)	-	-	(11,127,091)
Other comprehensive income					
- Actuarial gain/(loss) on retirement benefit obligation	-	155,238	-	-	155,238
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	(46,572)	-	-	(46,572)
- Fair value gain/(loss) of investments valued at FVOCI	-	-	311	-	311
- Revaluation Reserves	-	-	-	8,015,214	8,015,214
- Deferred tax on Land Revaluation	-	-	-	(2,404,564)	(2,404,564)
Transactions with owners of the company					
Contributions by and distributions					
- Dividends paid	-	-	-	-	-
Balance as at 31 December 2023	714,396	(5,874,062)	22,458	5,610,650	473,442
Balance as at 01 January 2024	714,396	(5,874,062)	22,458	5,610,650	473,442
Total comprehensive income for the year					
Profit / (loss) for the year	-	(2,757,404)	-	-	(2,757,404)
Other comprehensive income					
- Actuarial gain/(loss) on retirement benefit obligation	-	(50,605)	-	-	(50,605)
- Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation	-	15,181	-	-	15,181
- Fair value gain/(loss) of investments valued at FVOCI	-	-	(994)	-	(994)
- Revaluation Reserves	-	-	-	7,172,973	7,172,973
- Deferred tax on Land Revaluation	-	-	-	(2,151,891)	(2,151,891)
- Realisation of revaluation surplus	-	60,258	-	(60,258)	-
Transactions with owners of the company					
Contributions by and distributions					
- Dividends paid	-	-	-	-	-
Balance as at 31 December 2024	714,396	(8,606,632)	21,464	10,571,474	2,700,702

The accounting policies and explanatory notes on pages 104 to 151 form an integral part of these Financial Statements. (Figures in brackets indicate deductions)

Statement of Cash Flows

For the year ended 31 December,	Note	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Cash flow from operating activities					
Profit/(loss) before tax		(4,902,368)	(13,419,809)	(4,894,115)	(13,578,227)
Adjustments for,					
Depreciation of property, plant and equipment	(Note11)	630,500	552,683	550,515	471,891
Amortization of intangible assets		14,551	17,463	13,749	16,737
Provision for retirement benefit obligations (excluding actuarial gains/losses)		228,008	312,258	216,932	301,006
Provision/(reversal) for bad and doubtful debts		22,733	5,801	22,517	(6,573)
Provision for/(reversal) of obsolete stocks		55,983	98,627	50,703	105,449
(Profit)/loss on disposal of property, plant and equipment		(7,395)	(4,389)	-	-
Provision for/(reversal) of warranty provision		(13,542)	46,119	(11,028)	52,948
Foreign exchange (gain)/loss (unrealized)		16,177	16,991	-	-
Net change in fair value of financial instruments		(29,480)	(311)	994	(1,750)
Bad debts written off		-	133,422	-	133,422
Amortization of corporate guarantees		-	-	(1,751)	(2,795)
Interest expense on lease		38,872	29,216	27,810	24,301
Amortisation of right-of-use assets		65,345	95,985	53,588	52,414
Amortization of prepaid staff benefits		39,877	31,939	39,825	30,758
Interest income		(325,194)	(254,401)	(319,558)	(245,151)
Dividend income		(24)	-	(24)	-
Interest expenses		2,435,940	2,649,774	2,434,839	2,642,082
Operating profit/(loss) before working capital changes		(1,730,017)	(9,688,632)	(1,815,004)	(10,003,488)
(Increase)/decrease in inventory		148,867	1,726,516	216,340	1,790,749
(Increase)/decrease in trade and other receivables		4,478,467	4,517,994	3,934,261	4,896,585
(Increase)/decrease amounts due from related parties		-	-	326,454	(503,910)
Increase/(decrease) trade and other payables		(2,242,112)	(4,103,706)	(1,589,072)	(4,111,298)
Increase/(decrease) amounts due to related parties		-	(2,738,537)	(973,800)	(2,171,077)
Cash generated from/(used in) operating activities		655,205	(10,286,365)	99,179	(10,102,439)
Interest paid		(2,435,940)	(2,649,774)	(2,434,839)	(2,642,082)
Gratuity paid		(212,696)	(78,035)	(209,947)	(73,626)
Tax paid		(14,080)	(18,320)	-	-
Net cash generated from/(used in) operating activities		(2,007,511)	(13,032,494)	(2,545,607)	(12,818,147)

For the year ended 31 December,	Note	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Cash flow from investing activities					
Purchases of property, plant and equipment		(382,481)	(435,519)	(302,817)	(412,922)
Proceeds from disposal of property, plant and equipment		7,395	4,749	-	-
Interest received		383,817	314,246	378,181	304,996
Staff loans granted during the year	(Note 20.1)	(335,945)	(316,095)	(325,358)	(313,795)
Staff loans recovered during the year	(Note 20.1)	239,315	213,132	234,918	209,332
Investments in FVTPL financial assets		-	65,770	-	-
Dividend received		24	-	24	-
Net cash generated from/(used in) investing activities		(87,875)	(153,717)	(15,052)	(212,389)
Cash flow from financing activities					
Long / Medium terms loans obtained during the period		4,457,850	3,000,000	4,457,850	3,000,000
Short terms loans obtained during the period	(Note 24.1)	46,998,987	56,171,846	46,998,987	56,171,846
Repayment of short term loans	(Note 24.1)	(46,639,918)	(58,543,813)	(46,639,918)	(58,543,813)
Dividend paid		(3)	(28)	(3)	(28)
Payment of lease liability	(Note 14)	(79,160)	(65,773)	(59,734)	(54,134)
Net cash generated from/(used in) financing activities		4,737,756	562,232	4,757,182	573,871
Net increase/(decrease) in cash and cash equivalents during the period		2,642,370	(12,623,979)	2,196,523	(12,456,665)
Cash and cash equivalents at the beginning of the period	(Note 22)	2,619,922	15,243,901	2,593,673	15,050,338
Cash and cash equivalents at the end of the period	(Note 22)	5,262,292	2,619,922	4,790,196	2,593,673

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

1.1 Corporate Information

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.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31st December 2024 comprise the Company and its Subsidiaries (together referred as the "Group").

The Group provides a variety of services in relation to ship repairs, shipbuilding, heavy engineering, general engineering and supply chain management.

1.3 Group Information

Out of the three subsidiaries within the Group, the company has 100% holding of Dockyard General Engineering Services (Private) Limited (Incorporated in Sri Lanka) and Dockyard Total Solutions (Private) Limited (Incorporated in Sri Lanka) and 51% holding of Ceylon Shipping Agency (Private) Limited (Incorporated in Singapore).

The Parent Company, Onomichi Dockyard Co. Ltd, incorporated in Japan, hold 51% ownership of Colombo Dockyard PLC as of the Balance Sheet Date.

As per the market announcement made by the Company on 7th December 2024, major shareholder of the Company, Onomichi Dockyard Ltd Japan decided to exit from the major shareholding paving the way to the Company to find a new investor to revitalize the Company with adequate fund infusion and take the Company to its next phase of growth.

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 statement of cash flows, together with the

material accounting policies and explanatory 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 further these statement comply with with the requirements of the Companies Act No. 07 of 2007.

2.2 Responsibility of the Financial Statements

The board of the Directors is responsible for 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
- Lands, cranes and dry docks on freehold land which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Financial instruments classified as fair value through profit or loss which are measured at fair value.
- Fair value through other comprehensive income financial assets which are measured at fair value
- Liability for defined benefit obligation recognized based on actuarial valuation. (LKAS 19)

2.4 Functional and Presentation Currency

The consolidated financial statements are prepared 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 different economic environment. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stand otherwise.

2.5 Going Concern

In preparing these financial statements, the management has assessed the effect on and the use of going concern basis of preparation giving special attention to highly impacted sectors such as shipbuilding and ship repairs 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, working restrictions, travel restrictions, working capital management, 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 of 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.

The Directors have also assessed the present financial condition of the company and the group when determining the basis of preparing the financial statements for the year ended 31st December 2024. Please refer note 38 for further detailed analysis of going concern.

3. Material Accounting Policies

3.1.1 Changes in accounting policies and disclosures

Changes in material accounting policies

Material accounting policy information

During the financial year 2024, the Company has revalued its Dock No 04 in freehold land and dock side Cranes. Valuation has been carried out by Independent chartered valuation firm, Priyantha Withanarachchi Associates (Pvt) Ltd. Relevant details are disclosed in note No 11.3 in the page No 129.

3.1.2 Summary of Material Accounting Policies

Summary of material 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 Group.

Accounting Policies	Note
Going concern	Note 38
Revenue recognition	Note 05
Revaluation of Property, plant and equipment	Note 11
Measurement of defined benefit obligation : key actuarial assumptions	Note 26
Income Tax (current tax and deferred tax)	Note 09
Fair value of the investment classified through other comprehensive income	Note 16
Fair value of the investment classified through profit or loss	Note 20

3.2 Basis of Consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to The Financial Statements

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

In the Company's financial statements, investments in subsidiaries are carried cost less impairment if any, in net recoverable value.

The Consolidated Financial Statements are prepared to a common financial year end of 31 December.

Non-Controlling Interests ("NCI")

NCI are measured at their proportionate share of the acquires identifiable net assets at the acquisition date.

Changes in the Groups interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently at retained interest is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.2.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Groups interest in the investee.

Unrealized losses are eliminated in the same way as unrealized 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.

3.3.2 Foreign Currency Transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the reporting 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.

3.3.4 Foreign exchange forward contracts

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

3.3.5 Materiality and aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 1 - "Presentation of Financial Statements", each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

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.

3.5.1 Property, Plant & Equipment

3.5.1.1 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.

3.5.1.2 Owned Assets

The cost of an item of property, plant and equipment comprise its acquisition 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.

3.5.1.3 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 replaced part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized once the new replacement is done.

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

3.5.1.4 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.

3.5.1.5 Revaluation

The Group applies the revaluation model to the entire class of freehold land, Cranes and Drydock in freehold land. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Group reviews its assets once in three years.

Increases in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve, unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Decreases in the carrying amount on revaluation that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are recognised in profit and loss.

The relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated with the balance being transferred on ultimate disposals.

3.5.1.6 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

Notes to The Financial Statements

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 in freehold land	25 - 50	4% - 2%
Dry-docks in leasehold land	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%

The estimated useful lives of following property, plant and equipment have been revised with effect from 1st August 2024 and necessary adjustments to financial statements have been made prospectively.

Revised estimated useful lives of following of Property, Plant and Equipment are as follows:

Asset Category	Useful Life Before revaluation (Years)	Useful Life After revaluation (Years)	Depreciation Rate % - After revaluation
Dry-docks in freehold land	25 - 50	40	2.5%
Cranes- Plant, Machinery & Equipment	10 - 40	10 - 25	10% - 4%

As a result of the change in estimated useful lives of Property, Plant and Equipment, the increase in the Company's depreciation expenses for the year 2024 is Rs. 72.66 Mn.

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	4	25%

Dockyard Total Solutions (Private) Limited

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Office Equipment	6.6	15%
Computer Equipment	5	20%
Inventory Others	5	20%

Ceylon Shipping Agency (Private) Limited

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Office Equipment	10	10%
Computers	3	33%
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.

3.5.2 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 purposes. Investment properties are initially measured at its cost including related transaction costs and subsequently measure at cost.

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

3.5.3 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, if any.

3.5.3.1 Software

Cost incurred for computer software, 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.

3.5.3.2 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.

3.5.3.3 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%

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

3.5.4 Right to use assets

3.5.4.1 Basis of recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material. The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Group applies judgements in evaluating the level of certainty whether the option of renewing the lease exists or otherwise. That is, it considers all relevant factors that create an economic benefit for it to exercise either the renewal or termination.

3.5.4.2 Basis of measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on the straight line basis over the lease term.

3.5.5 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.

3.5.6 Cash & 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

Notes to The Financial Statements

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.

3.6 Financial Instruments

(a) Recognition and initial measurement

Trade receivables are initially recognized 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.

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 fair value.

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.

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.
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. 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 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.

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Determination of Fair Values

A number of Group's accounting policies and disclosures require the determination of fair values for both financial and non- financial assets and liabilities.

The Group recognise transfers between levels of fair value hierarchy of the end of the reporting period during which the change has occurred.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs)

If input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods.

Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

(d) 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 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 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.

3.7 Post-Employment Benefits

Defined Benefit Plan

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.

"When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

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.

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Foreign Subsidiary

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

3.7.1 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.

3.8 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.

3.8.1 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.

3.8.2 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.

3.9 Income Statement

3.9.1 Revenue

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

3.9.1.1. Revenue Recognition

Revenue represents the amounts derived from the construction contracts, sale of goods and provision of services, which fall within the Group's ordinary activities net of trade discounts and turnover-related taxes.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgments taking into the consideration of the nature of the goods and services that offers to the customers.

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

Construction contracts

Revenue from construction related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time.

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of construction contract can not be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Sale of goods

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates).

Rendering of services

Revenue from rendering of services is recognised in the Statement of Profit or Loss when each performance obligations are satisfied by transferring promised service to the customer.

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.

3.9.2 Expenditure Recognition

3.9.2.1 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.

3.9.2.2 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.

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.

3.9.3 Net Finance Income/ (Expenses)

Finance income comprises of interest income on funds invested and staff loans, and change 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 (which are 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 recognized on financial assets (Other than trade receivables). Interest expenses are recognised in profit or loss using the effective interest method.

3.9.4 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.9.4.1 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.

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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)

Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.9.4.2 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.

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.

Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.10 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.

3.11 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.

3.12 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 equivalents 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 equivalents for the purpose of the Statement of Cash Flows.

3.13 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.

3.14 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	9	121 - 123
Property, plant and equipment	11	124 - 128
Intangible assets	13	129
Deferred tax assets / liabilities	17	131
Employee benefits	26	135 - 137
Fair value measurement of financial asset at FVOCI	16.1	130
Fair value measurement of financial asset at FTPL	16.2	130
Provision for warranty claims	27.1	138

4.1 Sri Lanka Accounting Standards not yet effective as at 31st December 2024

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

- SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- These standards will become effective for the Group and the Company from 1 April 2025. No financial impact is expected on the Group and the Company except for additional disclosures.

Notes to The Financial Statements

5. REVENUE

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Ship repair	14,187,946	15,862,753	14,187,946	15,862,753
Ship building	8,962,284	16,973,056	8,962,284	16,973,056
Heavy engineering	1,701,003	2,963,642	578,993	265,498
Material & other sales	660,573	424,422	-	-
Gross revenue (Note 5.1, 5.2)	25,511,806	36,223,873	23,729,223	33,101,307
Turnover tax	(64,737)	(56,252)	(33,633)	(32,803)
Total revenue	25,447,069	36,167,621	23,695,590	33,068,504
Less: Cost of sales	(24,843,987)	(42,491,260)	(23,576,118)	(40,030,522)
Gross profit / operating results (Note 5.3)	603,082	(6,323,639)	119,472	(6,962,018)

5.1 Project types segment revenue (Business segment)

Ship repair				
Tankers	4,300,384	5,352,660	4,300,384	5,352,660
General cargo	269,904	1,044,016	269,904	1,044,016
Container carriers	3,317,145	2,471,339	3,317,145	2,471,339
Passenger vessels	347,603	-	347,603	-
Fishing trawlers	549,475	101,333	549,475	101,333
Tugs	279,155	464,158	279,155	464,158
LPG tankers	463,635	474,696	463,635	474,696
Dredgers	310,178	710,692	310,178	710,692
Navel vessels	768,789	585,374	768,789	585,374
Cement carriers	769,727	167,429	769,727	167,429
Offshore support/ supply vessels	795,654	1,215,012	795,654	1,215,012
Barge	177,311	101,640	177,311	101,640
Bulk carriers	1,693,376	3,063,139	1,693,376	3,063,139
Research vessel	-	10,036	-	10,036
Others	145,610	101,229	145,610	101,229
	14,187,946	15,862,753	14,187,946	15,862,753
Ship building				
Bulk Carriers	8,962,284	9,029,663	8,962,284	9,029,663
Cable laying vessels	-	7,943,393	-	7,943,393
	8,962,284	16,973,056	8,962,284	16,973,056
Heavy engineering				
Heavy fabrication	1,303,367	1,154,528	559,521	199,457
Services	158,192	1,325,558	15,960	47,099
Power generation	239,444	483,556	3,512	18,942
	1,701,003	2,963,642	578,993	265,498
Material and other sales				
Material and other sales	660,573	424,422	-	-
Total revenue	25,511,806	36,223,873	23,729,223	33,101,307

5.2 Geographical segment revenue

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
India	7,074,793	8,171,702	7,074,793	8,171,702
Maldives	925,626	973,326	925,626	973,326
UAE	73,418	177,819	73,418	177,819
Sri Lanka	3,311,086	4,499,336	1,528,503	1,376,770
Singapore	1,274,396	1,094,526	1,274,396	1,094,526
Japan	48,462	323,378	48,462	323,378
Germany	125,158	631,793	125,158	631,793
Greece	17,189	999,824	17,189	999,824
Hong Kong	13,368	145,346	13,368	145,346
Malaysia	236,984	232,160	236,984	232,160
France	472,156	7,943,393	472,156	7,943,393
Norway	8,964,106	8,578,699	8,962,284	8,578,699
Cyprus	189,426	217,928	189,426	217,928
Pakistan	152,245	35,439	152,245	35,439
United Kingdom	229,226	62,783	229,226	62,783
Bangladesh	475,166	728,228	475,166	728,228
Thailand	232,620	-	232,620	-
Indonesia	311,652	44,573	311,652	44,573
Mauritius	346,283	-	346,283	-
Netherlands	280,385	269,115	280,385	269,115
Spain	374,593	70,250	374,593	70,250
Seychelles	91,800	-	91,800	-
Others	291,668	1,024,255	293,490	1,024,255
	25,511,806	36,223,873	23,729,223	33,101,307

5.3 Segmental Operating Results

Ship repairs	3,668,147	5,664,997	3,668,147	5,664,997
Ship building	(3,614,328)	(12,813,258)	(3,614,328)	(12,813,258)
Heavy engineering	253,766	652,387	65,653	186,243
Material & other sales	295,497	172,235	-	-
	603,082	(6,323,639)	119,472	(6,962,018)

6. OTHER INCOME

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Exchange gain/(loss) (both realized and unrealized)	226,054	-	226,054	-
Scrap sales	349,324	331,539	349,324	331,539
Dividend income	24	-	24	-
Profit/(loss) on disposal of property, plant and equipment	7,395	4,389	-	-
Management fees	-	-	2,034	1,890
Amortization of corporate guarantees	-	-	1,751	2,273
Lease rental	-	-	7,331	8,205
Miscellaneous income	67,497	142,497	44,676	135,793
	650,294	478,425	631,194	479,700

6.1 During the year 2023, the exchange loss incurred was recorded under other operating expenses.

Notes to The Financial Statements

7. NET FINANCE INCOME/(EXPENSE)

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
7.1 Finance cost				
Interest on bank overdrafts and short term loans (Note 7.3)	(2,435,940)	(2,649,774)	(2,434,839)	(2,642,082)
Interest on lease liability (Note 14.2)	(38,872)	(29,216)	(27,810)	(24,301)
	(2,474,812)	(2,678,990)	(2,462,649)	(2,666,383)
7.2 Finance income				
Interest income from investments	268,502	210,323	263,741	201,073
Other interest income	56,692	44,078	55,817	44,078
Amortization of pre paid staff cost (Note 20.2)	39,877	31,969	39,825	30,758
Net change in fair value of financial instrument at FVTPL	474	7,504	-	-
	365,545	293,844	359,383	275,909
	(2,109,267)	(2,385,146)	(2,103,266)	(2,390,474)

7.3 In accordance with LKAS 23 Borrowing cost, the Company has incurred an interest costs amounting to Rs 400.65 Mn (2023 - Rs.1,194.92 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.

8. PROFIT BEFORE TAX

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Is stated after charging all expenses / (reversals) including the following;				
Directors' emoluments	24,625	27,287	21,890	17,147
Auditors remuneration - on statutory audit	8,191	6,649	4,065	3,419
Business promotion expenses	94,834	84,854	85,269	80,047
Depreciation on property, plant & equipment	630,500	552,683	550,515	471,891
Amortization of intangible assets	14,551	17,464	13,749	16,737
Provision for/(reversal of)				
- Bad and doubtful debts	61,222	63,051	61,006	63,051
- Obsolete and slow moving stocks	55,983	98,627	50,703	105,449
- Warranty claims	20,314	79,581	22,828	86,410
Staff related cost				
- Salaries and wages	6,418,372	6,373,563	6,112,827	6,100,563
- Defined benefit plan cost - gratuity	228,008	312,258	216,932	301,006
- Defined contribution plan cost - EPF	315,045	266,644	278,651	252,732
ETF	78,762	66,661	69,663	63,183
Amortization of pre-paid staff cost	39,877	30,969	39,825	30,758

9. INCOME TAX EXPENSE

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
On the current years profit (Note 9.2)	-	44,576	-	-
Under/(over) provision in previous year	(22,507)	(7,581)	-	-
Deferred taxation (Note 17.2)	(2,136,964)	(2,450,377)	(2,136,711)	(2,451,136)
Total tax expense on profit / (loss)	(2,159,471)	(2,413,382)	(2,136,711)	(2,451,136)

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	30%
Investment income	30%
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 30% on it's taxable profits.

Dockyard Total Solutions (Pvt) Ltd.

As per the Inland Revenue Act, the Company is liable to pay income tax at 30% on it's taxable profits.

(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 accounts accordingly.

Notes to The Financial Statements

9.2 Reconciliation between current tax expense and the accounting profit

For the year ended 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Profit / (loss) before tax	(4,902,368)	(13,419,809)	(4,894,115)	(13,578,227)
Impact of allowable and disallowable expenses	(5,122,728)	(104,134)	(5,067,396)	(60,628)
Statutory profit/(loss) from business	(10,025,096)	(13,523,943)	(9,961,511)	(13,638,855)
Statutory profit/(loss) from Colombo Dockyard PLC	(9,961,511)	(13,638,855)	-	-
Statutory profit/(loss) from Dockyard General Engineering Services (Pvt) Ltd	(5,805)	137,973	-	-
Statutory profit/(loss) from Dockyard Total Solutions (Pvt) Ltd.	(53,577)	(41,790)	-	-
Statutory profit/(loss) from Ceylon Shipping Agency (Ate) Ltd	(4,203)	18,729	-	-
Tax loss claimed during the year	-	-	-	-
Taxable income/(Loss)	(10,025,096)	(13,523,943)	-	-
Tax at the rate of 14%	-	-	-	-
Tax at the rate of 17%	-	3,184	-	-
Tax at the rate of 24%	-	-	-	-
Tax at the rate of 30%	-	41,392	-	-
Provision for taxation on current year profit	-	44,576	-	-

9.3 Deferred taxation

Company

The deferred tax liability is arrived at by applying the effective income tax rate of 30% applicable for the year of assessment 2024/2025 to the temporary difference as at 31 December 2024.

Subsidiaries

Dockyard General Engineering Services (Pvt) Ltd.

The deferred tax asset is arrived at by applying the income tax rate of 30% to the temporary differences of Dockyard General Engineering Services (Pvt.) Ltd. as at 31 December 2024.

Dockyard Total Solutions (Pvt) Ltd.

The deferred tax asset is arrived at by applying the income tax rate of 30% to the temporary differences of Dockyard Total Solutions (Pvt) Ltd.. as at 31 December 2024.

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 31 December 2024.

9. INCOME TAX EXPENSE (CONTD.)

9.4 Tax losses carried forward

As per section 19 of the Inland Revenue Act No.24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for a further six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognized accordingly. Deferred tax assets recognized on tax losses would be reviewed at each reporting date based on the taxable profit forecast and would be reduced to the extent of recoverable amount.

As per the Inland Revenue Act No 24 of 2017	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the Year	22,833,098	9,194,243	22,833,098	9,194,243
Tax lossess set-off against the current year profits	-	-	-	-
Tax Losses expired during the year	(6,623,126)	-	(6,623,126)	-
Tax lossess incurred during the year	10,025,096	13,638,855	9,961,511	13,638,855
Balance at the end of the year	26,235,068	22,833,098	26,171,483	22,833,098

	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Tax lossess recognised for the deffered tax purpose	14,873,066	9,445,386	14,873,066	9,445,386
Deferred tax asset recognised on tax lossess	4,461,920	2,833,616	4,461,920	2,833,616

As at the year end, total carried forward tax loss is Rs. 26,171 Million. The Company has utilized such tax losses to recognize a deferred tax asset up to the extend that deferred tax liability becomes zero. The unrecognized deferred tax asset as at 31 December 2024 amounted to Rs. 3.39 Million.

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	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Amount used as the numerator				
Profit/(loss) for the period (Rs. '000)	(2,742,897)	(11,006,427)	(2,757,404)	(11,127,091)
Less : Non controlling interest (Rs. '000)	1,258	(17,208)	-	-
Profit attributable to equity shareholders of Colombo Dockyard PLC (Rs. '000)	(2,741,639)	(11,023,635)	(2,757,404)	(11,127,091)
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 2024	(38.15)	(153.41)	(38.37)	(154.85)

Notes to The Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT
11.1 Group

	FREEHOLD														
	Drydocks In Lease hold Land	Drydocks In Free hold Land	Land	Road ways	Building	Dock Side Cranes	Plant, Machinery & Equipment	Electrical Installation	Motor Vehicles	Inventory Items	Office Equipment, Furniture & Fittings	Loose Tools	Boats & Launches	Capital Work In Progress	Total
COST	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	Rs'000	Rs'000
Balance as at 01 January 2024	83,552	1,114,096	8,782,499	14,190	2,207,913	2,348,694	5,249,615	382,277	251,752	133,509	740,445	400,436	6,494	172,937	21,888,409
Additions during the year	-	-	-	-	-	-	168,476	15,695	699	11,251	40,956	6,163	-	139,241	382,481
Transfers/adjustments during the year	15,580	44,634	-	5,856	35,112	-	30,396	-	-	-	-	-	-	(131,578)	-
Revaluation	-	5,433,270	-	-	-	84,766	-	-	-	-	-	-	-	-	5,518,036
Disposals during the year	-	-	-	-	-	-	(183)	-	-	-	(312)	(6,125)	-	-	(6,620)
Exchange gain /loss	-	-	-	-	-	-	-	-	-	-	(1,119)	-	-	-	(1,119)
Balance as at 31 December 2024	99,132	6,592,000	8,782,499	20,046	2,243,025	2,433,460	5,448,304	397,972	252,451	144,760	779,970	400,474	6,494	180,600	27,781,187
ACCUMULATED DEPRECIATION															
Balance as at 01 January 2024	31,775	696,782	-	14,041	981,689	891,927	3,768,468	323,463	241,722	103,862	501,804	368,312	6,494	-	7,930,339
Charge for the year	1,448	75,639	-	108	80,264	110,114	255,465	9,653	8,049	8,498	64,301	16,961	-	-	630,500
Revaluation	-	(703,531)	-	-	-	(951,406)	-	-	-	-	-	-	-	-	(1,654,937)
Disposals	-	-	-	-	-	-	(183)	-	-	-	(292)	(5,908)	-	-	(6,383)
Exchange gain/loss	-	-	-	-	-	-	-	-	-	-	(1,004)	-	-	-	(1,004)
Balance as at 31 December 2024	33,223	68,890	-	14,149	1,061,953	50,635	4,023,750	333,116	249,771	112,360	564,809	379,365	6,494	-	6,898,515
Balance as at 01 January 2024	-	-	-	-	-	-	2,327	-	-	-	136	10	-	-	2,473
Impairment loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	-	-	-	-	-	-	2,327	-	-	-	136	10	-	-	2,473
CARRYING AMOUNT															
As at 31 December 2024	65,909	6,523,110	8,782,499	5,897	1,181,072	2,382,825	1,422,227	64,856	2,680	32,400	215,025	21,099	-	180,600	20,880,199
As at 31 December 2023	51,777	417,314	8,782,499	149	1,226,224	1,456,768	1,478,819	58,814	10,030	29,647	238,505	32,114	-	172,937	13,955,597

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.2 Company

	FREEHOLD														
	Drydocks In Lease hold Land	Drydocks In Free hold Land	Land	Road ways	Building	Dock Side Cranes	Plant, Machinery & Equipment	Electrical Installation	Motor Vehicles	Inventory Items	Office Equipment, Furniture & Fittings	Loose Tools	Boats & Launches	Capital Work In Progress	Total
COST	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	Rs'000	Rs'000
Balance as at 01 January 2024	83,552	1,114,096	8,060,999	14,190	1,769,622	2,348,694	4,920,537	382,277	189,461	133,532	627,277	261,986	6,495	172,908	20,085,627
Additions during the year	-	-	-	-	-	-	148,546	15,695	699	11,159	36,782	4,855	-	85,081	302,817
Transfers/adjustments during the year	15,580	44,634	-	5,856	35,112	-	30,396	-	-	-	-	-	-	(131,578)	-
Revaluation	-	5,433,270	-	-	-	84,766	-	-	-	-	-	-	-	-	5,518,036
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	99,132	6,592,000	8,060,999	20,046	1,804,734	2,433,460	5,099,479	397,972	190,160	144,691	664,059	266,841	6,495	126,411	25,906,480
ACCUMULATED DEPRECIATION															
Balance as at 01 January 2024	31,775	696,782	-	14,041	917,446	891,927	3,600,321	323,463	180,419	103,836	437,567	255,245	6,495	-	7,459,317
Charge for the year	1,448	75,639	-	108	64,096	110,114	218,573	9,653	7,285	8,485	49,150	5,964	-	-	550,515
Revaluation	-	(703,531)	-	-	-	(951,406)	-	-	-	-	-	-	-	-	(1,654,937)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	33,223	68,890	-	14,149	981,542	50,635	3,818,894	333,116	187,704	112,321	486,717	261,209	6,495	-	6,354,895
CARRYING AMOUNT															
As at 31 December 2024	65,909	6,523,110	8,060,999	5,897	823,192	2,382,825	1,280,585	64,856	2,456	32,370	177,342	5,632	-	126,411	19,551,585
As at 31 December 2023	51,777	417,314	8,060,999	149	852,176	1,456,768	1,320,215	58,814	9,042	29,696	189,710	6,741	-	172,908	12,626,310

(Group / Company)

Notes:

- No property plant and equipment have been pledged as security for liabilities and also there are no restrictions on titles.
- There is no temporally idle property plant and equipment as at the reporting date.
- The Capital work in progress of the group and company includes the capital expenses incurred during the year for capital assets which are not completed as at the balance sheet date.

Notes to The Financial Statements

11.3 Valuation of Land, Dry docks in freehold Land and Docksides Cranes

The lands of the Group have been revalued by an independent chartered valuation firm, Siri Nissanka Associates (Pvt) Ltd, as at 31 December 2023.

The Dry docks in free hold Land and Docksides Cranes of the Company have been revalued by an independent chartered valuation firm, Priyantha Withanarachchi Associates (Pvt) Ltd, as at 31 December 2024.

Valuation details of the lands of the Group are as follows

Dry docks in Freehold Land

Location	Capacity	Dock Volume (m ³)	Age	Valuation technique	Estimated Price per m ³ (LKR)	Fair value LKR Mn	Correlation to Fair Value
Dry Dock No. 04 - Land marked lot no 1 in Plan no LS/P/223	125,000 (Dwt)	103,000	36 Years	Contractor's Method	100,000	6,592	Positive

Cranes

Name	Crane Capacity	Country of Origin	Model	Valuation technique	Age (Years)	Condition	Bearing Capacity (Main Hoist)	Bearing Capacity (Aux Hoist)	Fair value LKR Mn	Correlation to Fair Value
Dock Crane (70T D4)	70 T	Germany	Kranich 1500	Depreciated Cost Replacement (DCR) Method	3	Operational Status is Satisfactory	18T from 55 to 16m 20T from 50 to 16m 30T from 38 to 16m 50T from 26 to 16m 70T from 20 to 16m	5T from 66 to 18.5m	912	Positive
Dock Crane (50T D4)	50 Tons	Japan	DIA Crane	Depreciated Cost Replacement (DCR) Method	40	Operational Status is Satisfactory	50T	6T	152.4	Positive
Dock Crane (20T D4)	20 Tons	Japan	DIA Crane	Depreciated Cost Replacement (DCR) Method	40	Operational Status is Satisfactory	20T	4T	48	Positive
Dock Crane (18T D4)	18 Tons	Germany	MAN Crane	Depreciated Cost Replacement (DCR) Method	39	Operational Status is Satisfactory	18T	N/A	70	Positive
Dock Crane (RM 1201-006-000 20T)	20 Tons	Japan	20T DIA Crane	Depreciated Cost Replacement (DCR) Method	40	Operational Status is Satisfactory	20T at 15m	3T at 25m	48	Positive
Dock Crane (RM 1201-013-000 160T)	160 Tons	Germany	KRANICH 3000	Depreciated Cost Replacement (DCR) Method	13	Operational Status is Satisfactory	50T, 90T, 160T (48/40/26m to 14m)	12.5T, 25T (52.5/48m to 18m)	1125	Positive

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.3 Valuation of Land, Dry docks in freehold Land and Dockside Cranes (Contd.)

Name	Crane Capacity	Country of Origin	Model	Valuation technique	Age (Years)	Condition	Bearing Capacity (Main Hoist)	Bearing Capacity (Aux Hoist)	Fair value LKR Mn	Correlation to Fair Value
Dock Crane (25T RM1201 007 000)	25 Tons	Germany	N/A	Depreciated Cost Replacement (DCR) Method	42	Operational Status is Satisfactory	25T to 15m radius, 20T to 30m radius	5T to 17.8m-35m	47.5	Positive
Tower Crane (RM 1201 010 004T)	4 Tons	India	Topkit - E1 13B	Depreciated Cost Replacement (DCR) Method	28	Operational Status is Satisfactory	4T at 17.9m, 2T at 31.8m, 1.52T at 40m, 1.3T at 45m	N/A	6.71	Positive
Tower Crane (RM 1201 008 000 12T)	12 Tons	Singapore	MC310 K12	Depreciated Cost Replacement (DCR) Method	5	Operational Status is Satisfactory	SWL 12T	N/A	14.25	Positive
Dock Crane (RM 1201-009-000 6T)	6 Tons	Not Available	Not Available	Depreciated Cost Replacement (DCR) Method	63	Operational Status is Satisfactory	6T	N/A	2.1	Positive
Dock Crane (10T D3)	10 Tons	United Kingdom	Rodley Leeds	Depreciated Cost Replacement (DCR) Method	63	Operational Status is Satisfactory	10T (Radius 50 feet)	3T (Radius 56 ft 9 in)	7.5	Positive

Lands

Location	Extent	No of Buildings	Valuation technique	Estimated price per perch (LKR)	Fair value LKR Mn	Correlation to Fair Value
Lot No.01 in plan No.LS/P/223 at Colombo Dockyard PLC, Port of Colombo, Colombo 15	852.5 P	02	Open market value basis	8,800,000	7,500	Positive
Land in Plan No.562	37.99 P	01	Open market value basis	3,500,000	133	Positive
Lot A in Plan No.1347 dated 6th June 1981 at Colombo 15	89.62 P	01	Open market value basis	4,250,000	380	Positive
Lot No is plan No. 3347 at No. 2. Srimath Bandaranayaka Mawatha, Colombo 12	7.15 P	01	Open market value basis	10,000,000	71.5	Positive
Lot No. 3B in plan No. 2579 at Colombo 15	12.69 P	01	Open market value basis	3,750,000	48	Positive
Dockyard General Engineering Services (Private) Limited						
Lot No.01 in Plan No. 250 at Colombo 14	103.75 P	02	Open market value basis	6,300,000	650	Positive

Note: The valuation techniques applied for land valuation is Open Market Value Basis, Which under the level 03 fairvalue hierarchy

Notes to The Financial Statements

11.3.1 Not revalued Crane under Pant and Machinery

The 50T dock side crane was not included in the revaluation as it was undergoing a major overhaul at the valuation date and was therefore non-operational. As a result, a reliable fair value could not be determined.

Accordingly, the 50T dock side crane continues to be carried at its carrying amount under the cost model as at the reporting date. The overhaul is expected to be completed and the crane recommissioned by October 2025. The Company intends to perform a revaluation of the 50T dock side crane once it is fully operational and observable market data becomes available.

The carrying value of the 50T dock side crane as at 31 December 2024 is as follows:

Description	Amount Rs. 000
Cost	162,399
Accumulated Depreciation	(141,174)
Net Book Value	21,225

11.4 Gross carrying amount of fully depreciated property, plant and equipment.

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Leasehold dry-docks	5,215	5,215	5,215	5,215
Roadways	13,132	13,132	13,132	13,132
Freehold buildings	348,483	348,483	330,328	330,328
Plant, machinery and equipment	2,434,405	2,651,362	2,370,357	2,591,079
Electrical installation	293,143	292,836	293,143	292,836
Motor vehicles	243,850	189,088	181,859	135,695
Inventory items	85,769	80,945	85,769	80,907
Office equipment, furniture and fittings	367,196	339,726	343,560	303,584
Loose tools	351,402	102,103	252,097	-
Boats / launches	6,495	6,495	6,495	6,495
	4,149,090	4,029,385	3,881,955	3,759,271

12. INVESTMENT PROPERTY

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Land rented to Dockyard General Engineering Services Private Limited	-	-	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, Siri Nissanka Associates Private Limited as at 31 December 2023. 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. 650,000,000

Note:
Rental income from investment property
2024 Rs. 7,331,226
2023 Rs. 8,205,700

13. INTANGIBLE ASSETS

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	141,385	137,958	135,546	132,119
Additions during the year	271	3,427	-	3,427
Balance at the end of the year	141,656	141,385	135,546	135,546
Amortization				
Balance at the beginning of the year	124,161	106,697	119,268	102,531
Charge for the year	14,551	17,464	13,749	16,737
Balance at the end of the year	138,712	124,161	133,017	119,268
Carrying amount	2,944	17,224	2,529	16,278

14. RIGHT-OF-USE ASSETS

14.1 Assets held under lease have been recognised as right-of-use assets under SLFRS 16.

	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance as at 1st January	244,962	176,543	242,270	176,543
Additions for during the year	84,532	61,011	51,674	14,748
Remeasurement	8,952	103,393	-	103,393
Amortisation charge for the year	(65,345)	(95,985)	(53,588)	(52,414)
Balance as at 31 December	273,101	244,962	240,356	242,270
14.2 Corresponding liability for the right- of-use assets has been recognised under other liabilities.				
Balance as at 1st January	202,343	169,451	191,780	169,451
Additions for the year	75,698	96,698	50,662	79,411
Accretion of interest	38,872	29,216	27,810	24,301
Remeasurement	7,672	(27,249)	-	(27,249)
Lease payments	(79,160)	(65,773)	(59,734)	(54,134)
Balance as at 31 December	245,425	202,343	210,518	191,780
Non-current	155,135	160,967	127,508	160,052
Current	90,290	41,376	83,010	31,728

14.2.2 Amounts recognised in profit or loss

14.2.2.1 Lease under SLFRS 16 for the year ended 31 December 2024

	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Interest on lease liabilities	38,872	29,216	27,810	24,301
Right - of - use asset amortisation	65,345	95,985	53,588	52,414
14.2.2.2 Amounts Recognised in statement of cash flows under SLFRS 16				
Lease rent paid	(79,160)	(65,773)	(59,734)	(54,134)

15.1 INVESTMENTS OF COLOMBO DOCKYARD PLC

	Incorporated in	2024		2023			
		No of shares	Percentage holding	Cost (Rs. '000)	No of shares	Percentage holding	Cost (Rs. '000)
Dockyard General Engineering Services (Pvt) Ltd. Add: Fair value of financial guarantees	Sri Lanka	61,999	100%	12,796	61,999	100%	11,044
		-	-	1,006	-	-	1,751
Ceylon Shipping Agency (Pte) Ltd.	Singapore	25,500	51%	357	25,500	51%	357
Dockyard Total Solutions (Pvt) Ltd.	Sri Lanka	500	100%	500	500	100%	500
		-	-	14,659	-	-	13,652

16. OTHER INVESTMENTS

	Group						Company					
	2024			2023			2024			2023		
	No. of shares	Cost (Rs. 000)	Fair value (Rs. 000)	No. of shares	Cost (Rs. 000)	Fair value (Rs. 000)	No. of shares	Cost (Rs. 000)	Fair value (Rs. 000)	No. of shares	Cost (Rs. 000)	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	10	16,534	1,002	10	17,619	1,002	10	16,534	1,002	10	17,619
Associated Newspapers of Ceylon Limited	10,000	100	5,040	10,000	100	4,949	10,000	100	5,040	10,000	100	4,949
	-	110	21,574	-	110	22,568	-	110	21,574	-	110	22,568

Note: Investment in shares are long term strategic investments and there were no addition or disposal during the year. The valuation technique of level 3 inputs are based on the net asset per share. Range (1,000 - 10,000) Dividend of Rs. 24,118 received from Sri Lanka Port Management Services Limited for the financial year 2024

16.2 Investments classified as fair value through profit or loss

[illegible]

17. DEFERRED TAXATION

17.1 Deferred Tax Asset / Liabilities

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	(196,004)	17,044	-	-
Adjustments	-	443	-	-
Provision /(reversal) during the year (Note 17.2)	964	(213,491)	-	-
Balance at the end of the year	(195,040)	(196,004)	-	-
17.2 Provision /(reversal) for the year				
Reversal during the year recognized in Loss	2,136,964	2,450,377	2,136,711	2,451,136
Provision during the year recognized in other comprehensive income	(2,136,000)	(2,663,868)	(2,136,711)	(2,451,136)
Provision/(reversal) during the year recognized in comprehensive income	964	(213,491)	-	-

	2024		2023	
	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	(8,771,046)	(2,631,313)	(3,198,223)	(959,467)
Temporary difference on revaluation gain from Land	(8,719,549)	(2,615,865)	(8,719,549)	(2,615,866)
Temporary difference on retirement benefit obligations	1,377,151	413,145	1,308,865	392,660
Temporary difference on stock provision	271,826	81,547	215,886	64,766
Temporary difference on warranty provision	114,454	34,336	127,996	38,399
Temporary difference on provision for bad and doubtful debts	231,645	69,493	208,912	62,674
Temporary difference on tax losses carried forward	14,873,066	4,461,920	9,445,386	2,833,616
Temporary difference on right-of-use asset	(273,101)	(81,930)	(244,962)	(73,489)
Temporary difference on Lease Liability	245,425	73,627	202,343	60,703
	(650,129)	(195,040)	(653,346)	(196,004)
Company				
Temporary difference on property, plant & equipment	(8,708,522)	(2,612,557)	(3,140,452)	(942,136)
Temporary difference on revaluation gain from Land	(8,015,214)	(2,404,564)	(8,015,214)	(2,404,564)
Temporary difference on retirement benefit obligations	1,330,333	399,100	1,272,744	381,823
Temporary difference on stock provision	245,549	73,665	194,889	58,467
Temporary difference on warranty provision	88,517	26,555	99,545	29,864
Temporary difference on provision for bad and doubtful debts	216,109	64,833	193,592	58,078
Temporary difference on tax losses carried forward	14,873,066	4,461,920	9,445,386	2,833,616
Temporary difference on right-of-use asset	(240,356)	(72,107)	(242,270)	(72,681)
Temporary difference on Lease Liability	210,518	63,155	191,780	57,534
	-	-	-	-

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 2024, in accordance with LKAS 12 paragraph 46.

Notes to The Financial Statements

18. INVENTORIES

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Raw materials	3,696,650	3,648,483	3,135,730	3,190,158
Goods in transit	86,639	283,716	86,579	248,534
	3,783,289	3,932,199	3,222,309	3,438,692
Provision for inventories (Note 18.1)	(271,826)	(215,886)	(245,549)	(194,889)
	3,511,463	3,716,313	2,976,760	3,243,803
18.1 Movement in provision for inventories				
Balance at the beginning of the year	215,886	117,259	194,889	89,440
Provision/(reversal) made during the year	55,983	98,627	50,703	105,449
Amounts written off during the year	(43)	-	(43)	-
Balance at the end of the year	271,826	215,886	245,549	194,889

19. TRADE AND OTHER RECEIVABLES

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Trade receivables	1,640,397	3,804,783	1,431,817	3,223,571
Provision for bad and doubtful debts (Note 19.1)	(231,645)	(208,912)	(216,109)	(193,592)
	1,408,752	3,595,871	1,215,708	3,029,979
Accrued revenue	5,090,949	6,132,136	4,075,940	4,981,787
VAT recoverable (Note 19.2)	214,222	228,872	214,222	228,872
Deposits and prepayments	4,488,028	4,446,205	4,256,684	4,419,112
Cash Marginns kept for LC's	179,902	851,138	179,902	851,138
Other receivables	418,162	1,050,604	103,560	525,697
	11,800,015	16,304,826	10,046,016	14,036,585
19.1 Movement in provision for bad and doubtful debts				
Balance at the beginning of the year	208,912	336,533	193,592	333,587
Provision/(Revasal) made during the year	22,733	63,051	22,517	63,051
Bad debts written off during the year	-	(133,422)	-	(133,422)
Balance at the end of the year	231,645	208,912	216,109	193,592
19.2 Movement in VAT Recoverable				
Gross Refund Due	228,872	156,851	228,872	156,851
During the Year VAT Recoverable / (Payable)	45,138	98,609	45,138	98,609
Provision Made	(59,788)	(26,588)	(59,788)	(26,588)
Net VAT Refund recognized	214,222	228,872	214,222	228,872

20. Other financial assets including derivatives

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Non current				
Loans given to employees (Note 20.1)	444,985	361,389	433,194	353,875
Pre paid staff benefits (Note 20.2)	61,143	59,085	60,463	58,351
	506,128	420,474	493,657	412,226
Current				
Loans given to employees (Note 20.1)	181,184	167,742	177,047	165,467
Pre paid staff benefits (Note 20.2)	25,665	28,131	24,711	27,283
Guarantee benefit assets	-	1,751	-	-
	206,849	197,623	201,758	192,750
	712,977	618,097	695,415	604,976
20.1 Loans given to employees				
Balance at the beginning of the year	616,347	513,384	604,976	500,514
Loans granted during the year	335,945	316,095	325,357	313,794
Loans recovered during the year	(239,315)	(213,132)	(234,918)	(209,332)
	712,977	616,347	695,415	604,976
Transfer to pre paid staff benefits	(86,808)	(87,216)	(85,174)	(85,634)
Balance at the end of the year	626,169	529,131	610,241	519,342
Non current	444,985	361,389	433,194	353,875
Current	181,184	167,742	177,047	165,467
20.2 Prepaid staff benefits				
Balance at the beginning of the year	87,216	47,331	85,634	46,010
Additions during the year	39,469	70,854	39,365	70,382
Amortization	(39,877)	(30,969)	(39,825)	(30,758)
Balance at the end of the year	86,808	87,216	85,174	85,634
Non current	61,143	59,085	60,463	58,351
Current	25,665	28,131	24,711	27,283

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

	Housing loans	Vehicle loans	Wedding loans
Colombo Dockyard PLC	7%	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 31 December,	Relationship	Group		Company	
		2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Dockyard General Engineering Services (Pvt) Ltd	Subsidiary	-	-	97,547	190,757
Dockyard Total Solutions (PVT) Ltd	Subsidiary	-	-	511,268	744,512
		-	-	608,815	935,269

22. CASH AND CASH EQUIVALENTS

22.1 Favourable balances

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Fixed deposits	5,591,471	2,164,878	5,591,471	2,164,878
Repurchase agreement	170,000	-	-	-
Call deposits	15,596	816,399	15,596	816,399
Cash at bank	835,608	1,438,927	528,580	1,314,011
Cash in hand	15,278	10,376	14,321	9,027
	6,627,953	4,430,580	6,149,968	4,304,315

22.2 Unfavourable balances

Bank overdrafts	(1,365,661)	(1,810,658)	(1,359,772)	(1,710,642)
Cash and cash equivalents for the purpose of the cash flow statement	5,262,292	2,619,922	4,790,196	2,593,673

23. STATED CAPITAL

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Issued and fully paid				
71,858,924 Ordinary shares (2023 - 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 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.

24. INTEREST BEARING BORROWINGS

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	23,850,998	23,222,965	23,850,998	23,222,965
Loans obtained during the year	51,456,837	59,171,846	51,456,837	59,171,846
Loan repayments during the year	(44,919,360)	(56,511,375)	(44,919,360)	(56,511,375)
Adjustment in respect of exchange rate fluctuations	(1,720,558)	(2,032,438)	(1,720,558)	(2,032,438)
Balance at the end of the year	28,667,917	23,850,998	28,667,917	23,850,998
Loan payable within one year	21,210,067	20,850,998	21,210,067	20,850,998
Loan payable after one year	7,457,850	3,000,000	7,457,850	3,000,000
	28,667,917	23,850,998	28,667,917	23,850,998

Short term loans have been obtained for working capital financing from commercial banks and are repayable within 3 to 6 months. Interest rate for USD denominated loans were at 7.5 % - 9.5 % range. Where the LKR loans were at 9.0% - 12.5% range.

No property plant and equipment and any other asset have been pledged as security for the short-term loans mentioned in note no 24.

25. OTHER FINANCIAL LIABILITIES

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Current				
Corporate guarantees	-	-	1,006	1,751
	-	-	1,006	1,751

26. EMPLOYEE BENEFITS

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	1,308,865	1,234,651	1,272,743	1,200,602
Provision made in the profit / (loss) during the year (Note 26.3)	228,008	312,258	216,932	301,005
Payments made during the year	(212,696)	(78,034)	(209,947)	(73,626)
Actuarial gain/ (loss) recognized in Other Comprehensive Income	52,974	(160,010)	50,605	(155,238)
Balance at the end of the year (Note 26.1 and 26.2)	1,377,151	1,308,865	1,330,333	1,272,743

26.1 The amount recognized in the Statement of Financial Position are as follows;

Present value of unfunded obligations	1,377,151	1,308,865	1,330,333	1,272,743
Present value of funded obligations	-	-	-	-
Total present value of obligations	1,377,151	1,308,865	1,330,333	1,272,743
Fair value of plan assets	-	-	-	-
Present value of net obligations	1,377,151	1,308,865	1,330,333	1,272,743
Unrecognized net actuarial gains/ (losses)	-	-	-	-
Recognized liability for defined benefit obligations	1,377,151	1,308,865	1,330,333	1,272,743

Notes to The Financial Statements

26. EMPLOYEE BENEFITS (CONTD.)

26.2 Movement in the present value of defined benefit obligations

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Liability for defined benefit obligations as at 01 January	1,308,865	1,234,651	1,272,743	1,200,602
Actuarial (gains)/ losses	52,974	(160,010)	50,605	(155,238)
Benefit paid by the plan	(212,696)	(78,034)	(209,947)	(73,626)
Current service costs	71,562	80,568	64,203	72,891
Interest cost	156,446	231,690	152,729	228,114
Liability for defined benefit obligations as at 31 December	1,377,151	1,308,865	1,330,333	1,272,743
26.3 Expense recognized in Profit or Loss for the year ended,				
Current service costs	71,562	80,568	64,203	72,891
Interest on obligation	156,446	231,690	152,729	228,114
	228,008	312,258	216,932	301,005
26.4 Gain / (loss) recognized in Other Comprehensive Income	(52,974)	160,010	(50,605)	155,238

Colombo Dockyard PLC

The actuarial valuations carried out by M/s Actuarial & Management Consultants (Pvt) Limited for retiring gratuity for employees as at 31 December 2024 amounting to Rs.1330.33 Mn and used the following key assumptions.

	2024	2023
Rate of interest	10%	12%
Rate of salary increment	8%	9%
Rate of COLA increment	0%	0%
Staff turnover factor	1%	1%
Retiring age (years) - Male	60	60
- Female	60	60

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.

	2024	2023
Rate of interest	12%	13%
Rate of salary increment	12%	13%
Staff turnover factor	5%	1%
Retiring age (years) - Male	60	60
- Female	60	60

26.5 Sensitivity of assumptions used

Colombo Dockyard PLC

A quantitative sensitivity analysis for significant assumptions used by the Company as at 31 December 2024 is as shown below:

Effect on the employee benefit obligation	Discount rate (Rs.'000)	Salary escalation rate (Rs.'000)
As per the current assumptions	1,330,333	1,330,333
Increase by one percentage point	1,233,368	1,435,357
Decrease by one percentage point	1,440,170	1,236,445

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 31 December 2024 is as shown below:

Effect on the employee benefit obligation	Discount rate (Rs.'000)	Salary escalation rate (Rs.'000)
As per the current assumptions	36,491	36,491
Increase by one percentage point	33,509	39,795
Decrease by one percentage point	39,826	33,483

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.

Discount rate was determined based on yields available on government bonds or high quality corporate bonds at the balance sheet date with the term that matches that of the liabilities.

Weighted average duration of retirement benefit obligation is 8 years (2022 - 8 Years).

27. TRADE AND OTHER PAYABLES

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Trade payables	845,778	2,853,046	550,206	1,606,313
Subcontract payables	1,091,538	1,503,814	1,078,610	1,503,814
Progress bills	1,550,160	73,122	1,550,160	73,122
Provision for warranty claims (Note 27.1)	114,454	127,996	88,517	99,545
Accrued expenses and other provisions	1,306,303	2,951,966	978,759	2,705,891
Other payables	1,467,063	988,900	1,068,617	859,622
VAT payable	103,226	73,542	-	-
	6,478,522	8,572,386	5,314,869	6,848,307

Notes to The Financial Statements

27. TRADE AND OTHER PAYABLES (CONTD.)

27.1 Provision for warranty claims

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	127,996	81,877	99,545	46,597
Provision/(reversals) made during the year	20,314	79,581	22,828	86,410
Claims made during the year	(33,856)	(33,462)	(33,856)	(33,462)
Balance at the end of the year	114,454	127,996	88,517	99,545

28. AMOUNTS DUE TO RELATED PARTIES

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Ceylon Shipping Agency (Pte) Ltd.	-	-	282,278	627,518
Dockyard General Engineering Services (Pvt) Ltd	-	-	18,870	219,931
Dockyard Total Solutions (Pvt) Ltd.	-	-	413,793	841,292
	-	-	714,941	1,688,741

29. INCOME TAX PAYABLE

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	67,648	52,036	-	-
Provision for income tax on current year's profits	-	44,680	-	-
Over provision of income tax in respect of prior year	(23,623)	(10,748)	-	-
Tax paid during the year	(14,080)	(18,320)	-	-
Balance at the end of the year	29,945	67,648	-	-

30. DIVIDEND PAYABLE

As at 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Balance at the beginning of the year	10,487	10,515	10,487	10,515
Payments during the year	(3)	(28)	(3)	(28)
Balance at the end of the year	10,484	10,487	10,484	10,487

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 31 December,	Note	Group		Company	
		2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Financial assets					
Fair value through profit and loss					
SOFP Line Item:					
Investments classified as fair value through profit or loss	16.2	30,474	-	-	-
Total		30,474	-	-	-
Amortised cost					
SOFP line Item:					
Other financial assets including derivatives - Non Current	20	506,128	420,474	493,657	412,226
Trade and other receivables	19	7,311,990	16,304,826	5,789,332	14,036,585
Other financial assets including derivatives - Current	20	206,849	197,623	201,758	192,750
Amounts due from related parties	21	-	-	608,815	935,269
Cash and cash equivalents	22.1	6,627,953	4,430,580	6,149,968	4,304,315
Total		14,652,920	21,353,503	13,243,530	19,881,145
Fair value through other comprehensive income					
SOFP Line Item:					
Investments classified as FVTOCI	16.1	21,574	22,568	21,574	22,568
Total		21,574	22,568	21,574	22,568
Financial liabilities					
Other financial Liabilities					
SOFP line Item:					
Loans and borrowings	24	28,667,917	23,850,998	28,667,917	23,850,998
Trade and other payables	27	4,813,908	8,572,386	3,676,194	6,848,307
Other financial liabilities including derivatives - Current	25	-	-	1,006	1,751
Amounts due to related parties	28	-	-	714,941	1,688,741
Lease Liability	14.2	245,425	202,343	210,518	191,780
Bank overdrafts	22.2	1,365,661	1,810,658	1,359,772	1,710,642
		35,092,911	34,436,385	34,630,348	34,292,219

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.

Notes to The Financial Statements

31. FINANCIAL INSTRUMENTS (CONTD.)

	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 31 December 2024						
Financial assets						
Unquoted equity investments - unquoted shares	-	-	21,574	-	-	21,574
Fair value through profit or loss investments	-	-	-	-	-	-
	-	-	21,574	-	-	21,574
Financial liabilities						
Forward exchange contracts (Derivatives)	-	-	-	-	-	-
Corporate guarantee	-	-	-	-	-	1,006
	-	-	-	-	-	1,006
As at 31 December 2023						
Financial assets						
Unquoted equity investments - unquoted shares	-	-	22,568	-	-	22,568
	-	-	22,568	-	-	22,568
Financial liabilities						
Forward exchange contracts (Derivatives)	-	-	-	-	-	-
Corporate guarantee	-	-	-	-	-	1,751
	-	-	-	-	-	1,751

31.3 Valuation techniques

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets			
Unquoted equity securities	Net assets basis	Net asset per share (Refer Note 16.1)	Variability of inputs are insignificant to have an impact on fair values
Non financial assets			
Land	Open market value basis	Estimated price per perch (Refer Note 11.3)	Estimated fair value would increase (decrease) if ; • Price per perch increases (decreases)
Investment property	Open market method	Estimated price per perch (Refer Note 11.3)	Estimated fair value would increase (decrease) if ; • Price per perch increases (decreases)
Dry Docks in Feehold Land	Contractor's Method	Estimated Price per m ³ (Refer Note 11.3)	Estimated fair value would increase (decrease) if ; • Price per m ³ increases (decreases)
Crane	Depreciated Cost Replacement (DCR) Method	Remaining Useful Life (Years) (Refer Note 11.3) Depreciation Adjustment (%) (Refer Note 11.3) Condition Factor (%) Marketability Discount (%)	Estimated fair value would increase (decrease) if ; • Remaining Useful Life increases (decreases) • Depreciation Adjustment (%) increases (decreases) • Condition Factor (%) increases (decreases) • Marketability Discount (%) increases (decreases)

For assets and liabilities that are recognized in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

32. FINANCIAL RISK MANAGEMENT (CONTD.)

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 31 December,	Group		Company	
	2024 (Rs.'000)	2023 (Rs.'000)	2024 (Rs.'000)	2023 (Rs.'000)
Trade and other receivables	1,640,397	3,804,783	1,431,817	3,223,571
Other financial assets including derivatives	712,977	616,346	695,415	604,976
Investments classified as fair value through profit or loss	30,474	-	-	-
Amount due from related parties	-	-	608,815	935,269
Total exposure to the credit risk	2,383,848	4,421,129	2,736,047	4,763,816

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 (Rs. '000)			Company (Rs. '000)		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Within 90 days	1,023,684	(15,684)	1,008,000	815,104	(148)	814,956
Within 180 days	214,947	(365)	214,582	214,947	(365)	214,582
181-365 days	176,973	(1,032)	175,941	176,973	(1,032)	175,941
More than 365 days	224,793	(214,564)	10,229	224,793	(214,564)	10,229
	1,640,397	(231,645)	1,408,752	1,431,817	(216,109)	1,215,708

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 31 December 2024

Financial liabilities	Group (Rs. '000)			Company (Rs. '000)		
	Carring Amount	Less than one year	More than one year	Carring Amount	Less than one year	More than one year
Lease Liability	245,425	90,290	155,135	210,518	83,010	127,508
Interest bearing borrowings	28,667,917	21,210,067	7,457,850	28,667,917	21,210,067	7,457,850
Trade and other payable	4,710,682	4,710,682	-	3,676,194	3,676,194	-
Bank overdrafts	1,365,661	1,365,661	-	1,359,772	1,359,772	-
	34,989,685	27,376,700	7,612,985	33,914,401	26,329,043	7,585,358

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.

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument fluctuation 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.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows,

Rs '000	2024			2023		
	SGD	EUR	USD	SGD	EUR	USD
Trade and other receivables	4,651	3,164,568	1,911,769	21,368	3,415,546	4,139,910
Cash at bank	-	309,178	611,397	-	449,662	1,046,437
Fixed Deposit	-	332,801	4,449,242	-	377,837	1,795,893
Intrest Bearing Borrowings	-	-	14,346,023	-	-	10,911,985
Trade and other payables	282,208	241,613	308,995	461,903	2,347,311	821,891
Net Statement of financial position exposure	286,859	4,048,160	21,627,426	483,271	6,590,356	18,716,116

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

Notes to The Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONTD.)

Currency	Average rate		Closing rate	
	2024	2023	2024	2023
U. S. Dollar	303.67	331.62	292.75	324.25
Euro	328.90	358.85	304.13	358.45
Singapore Dollars	227.91	247.27	215.77	246.39
Japanese Yen	2.02	2.38	1.88	2.30

Sensitivity analysis

A strengthening or weakening of Sri Lankan Rupees as indicated below, against the major foreign currencies as at 31 December 2024 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 Company 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 31 December 2024

U. S. Dollar	(384,130)	384,130
Euro	178,247	(178,247)
Singapore Dollars	(13,877)	13,877

As at 31 December 2023

U. S. Dollar	(236,664)	236,664
Euro	76,547	(76,547)
Singapore Dollars	(22,027)	22,027

(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 utilize various financial instruments to manage exposures to interest rate risks arising due to financial instruments.

Exposure to interest rate risk

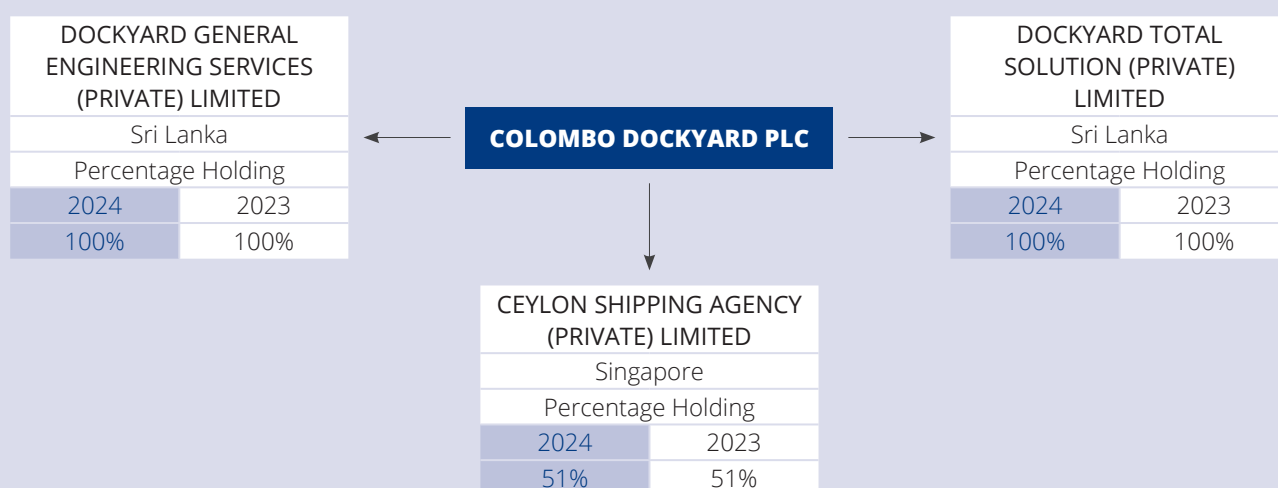
The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group and the Company is as follows.

Rs '000	Group		Company	
	2024	2023	2024	2023
Fixed rate instruments				
Financial assets	6,233,234	3,510,407	6,217,308	3,500,619
Financial Liabilities	8,899,098	4,735,923	8,864,191	4,725,360
Variable rate instruments				
Financial liabilities	21,379,907	21,128,076	21,374,016	21,028,060

The following table demonstrates the Group and the Company 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)	Group		Company	
	Effect on Profit before Tax		Effect on Profit before Tax	
	Strengthen (Rs. '000)	Weakening (Rs. '000)	Strengthen (Rs. '000)	Weakening (Rs. '000)
As at 31 December 2024				
On variable rate instruments - USD	365,122	(365,122)	364,555	(364,555)
- Euro	-	-	-	-
As at 31 December 2023				
On variable rate instruments - USD	293,744	(293,744)	292,540	(292,540)
- Euro	-	-	-	-

33. LIST OF SUBSIDIARIES



34. NON-CONTROLLING INTEREST

	Principal place of business	Operating segment	Ownership interest held by Non Controlling Interest	
			2024	2023
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.

Notes to The Financial Statements

34. NON-CONTROLLING INTEREST (CONTD.)

31 December,	2024 (Rs.'000)	2023 (Rs.'000)
Revenue	1,183,387	2,529,103
Profit	(2,568)	35,117
Profit attributable to Non Controlling Interest	(1,258)	17,208
Other comprehensive income	-	-
Total comprehensive income	(2,568)	35,117
Total comprehensive income attributable to Non Controlling Interest	(1,258)	17,208
Current assets	515,684	816,083
Non-current assets	243	207
Current liability	(150,191)	(398,691)
Non-current liability	-	-
Net asset	365,736	417,599
Net asset attributable to Non Controlling Interest	179,211	204,623
Cash flow from operating activities	96,951	(22,072)
Cash flow from investing activities	(109)	56
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	96,842	(22,016)
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.3,501 Mn (2023 - Rs.758 Mn) 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	855,427	67,002	459,990	-	1,382,419
Commercial Bank PLC	-	-	-	-	-
National Development Bank PLC	-	-	-	22,500	22,500
Standard Chartered Bank	-	-	-	-	-
State Bank of India - Colombo	-	37,506	3,041,300	-	3,078,806
	855,427	104,508	3,501,290	22,500	4,483,725

- (b) Colombo Dockyard PLC has issued Corporate Guarantees behalf of its Subsidiary amounting to Rs. 2,177,000,000 (2023 - Rs. 2,177,000,000) 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	2,177,000	2,177,000
	-	2,177,000	2,177,000

35. CONTINGENT LIABILITIES (CONTD.)

(c) Legal Cases

- I PREV/2018/0504/CC R/02921 (SL Customs) Inquiry by the Sri Lanka Customs against CDPLC. The case has been initiated suspecting the company has disposed scrap to a local company without declaring to Customs and evading applicable duties and other levies, misusing BOI facilities and thereby making revenue loss to the state.

Company has complied with BOI and Customs regulations. During preliminary investigations, Company officials denied the allegations. Pending Customs inquiry proceedings. (No inquiry proceedings have been held since August 2023)

- II CIB/INV/022/2020/C CR/00110 (SL Customs) Inquiry by the Sri Lanka Customs against CDPLC. Custom inquiry has been commenced to see whether company has failed to declare relevant spare parts of 2 Nos. Pilot Launches delivered to SLPA and evaded applicable duties and other levies.

Pending Customs inquiry proceedings, (commenced in Dec 2022.) Customs have already called several witnesses, yet to conclude their case.

- III "LT Case No. LT/01/48/2024 Mr. R P Alawala (employee) Vs. CDPLC Service was terminated from 04/10/2024 based on the determination given in the domestic inquiry. Pending Labour Tribunal trial.

The company's management is of the opinion that the Company will be able to defend against 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 2024.

37. TRANSACTIONS WITH RELATED PARTIES

Company	Name of Common Directors	Nature of Interest	Particulars of Financial Dealings	Value of Transaction (Rs.'000')
Dockyard General Engineering Services (Pvt) Ltd	Mr. Thimira S Godakumbura	Subsidiary	Heavy Engineering Income	31,004
	Mr. K. Nayakarathne		Fess for management services	2,034
	Mr M De Silva		Lease rental income	4,378
	Mr S.G. Senadeera		Dividend income	-
			Purchase of materials	25,000
			Obtaining sub contracting services	64,124
			Transport cost	39,833
Ceylon Shipping Agency (Pte) Ltd	Mr. Thimira S Godakumbura	Subsidiary	Purchase of Material	1,184,677
	Mr. L Ganlath			
	Mr. P.D.G Ravinatha			
Dockyard Total Solutions (Pvt) Ltd.	Mr. Thimira S Godakumbura	Sub - subsidiary	Supply of multi skilled labour	423,734
	Mr. R.M.V Rathnayaka			
	Mr. P.D.G Ravinatha			
Onomichi Dockyard Company Ltd	Mr. T. Nakabe	Parent	Obtaining technical services	58,425

This note should be read in conjunction with Note Nos. 21, 28, and 37 to these Financial Statements.

Financial Reports

Notes to The 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 2024, 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

	2024 Rs.'000	2023 Rs.'000
Short Term Employment Benefit	96,175	84,701
Total Employment Benefit	96,175	84,701

(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. GOING CONCERN

1. Going concern

Colombo Dockyard PLC [CDPLC] Group and Company made a net loss of Rs. 2,742.8 Mn and Rs.2,757.4 Mn (2023 – Rs. 11,006 Mn and Rs. 11,127 Mn) respectively for the Year ended 31st December 2024 and as at that date the Group's and the Company's accumulated losses amounted Rs. 6,573.3 Mn and Rs 8,606.6 Mn (2023 – Rs. 3,855 Mn and Rs. 5,874 Mn) respectively. The Group's and the Company's current liabilities exceed the current assets by Rs. 7,008.2 Mn and Rs. 8,710.8 Mn (2023 – Rs. 6,704 Mn and Rs. 8,430 Mn) Respectively. Further, The Group and Company has total borrowings of Rs. 28,668 Mn (2023 – Rs. 23,850 Mn) and out of that 21,210 Mn (2023 – Rs. 20,850) are short term and matured within the applicable forward-looking period.

2. Background of Financial Distress

Financial year 2023 was the epitome of financial distress of the Company and during the year Company made a net loss of Rs 11,127 Mn (Group – Net loss Rs 11,006 Mn) resulting accumulated loss of Rs 5,874 Mn (Group – Rs 3,855 Mn) as of 31st December 2023. These losses are due to the confluence of a number of unusual and mostly non-recurring circumstances affecting the Company set out in more detail below.

2.1 Shipbuilding Segment

Prior to 2020 the ship building division of CDPLC focused mainly on the Asian market with vessels of lesser complexity. This market was expected to become increasingly competitive in future due to a number of political and economic factors. In view of this CDPLC made a conscious decision to enter the European markets and aim for more high-end, complex and modern vessels such as Cable Laying & Repairing Vessels and Hybrid eco Bulk Carriers.

In 2020 this was achieved with the securing of the first European order for 6 number of 5000 DWT hybrid eco bulk carriers for Misje Eco Bulk AS – Norway.

In the same year 2020, CDPLC signed a contract with FT Marine SAS – France a subsidiary of leading telecommunications company in Europe for Cable Laying and Repairing vessel which was delivered in July 2023. These vessels are of a highly advanced nature, specialized in laying and repairing long-distance communications and power cables on the seabed. It is believed that there are only around 100 vessels of this type in operation around the world and CDPLC has delivered 2 of these vessels (one to France in 2023 and one to Japan in 2019) making a significant presence in the Cable Laying Vessels market. With the successful deliveries of these shipbuilding projects the Company has developed a strong reputation as a reliable and high-end shipbuilder in the international market.

However, in order to enter this new market and due to lack of experience in these particular sectors, CDPLC was forced to quote very low prices with limited profit margins. At the same time, shipbuilding price index (general price level of shipbuilding contracts) was at the lowest level during this period. This was considered a sensible, calculated decision at that time as part of its long-term development strategy and well within its financial capabilities.

2.2 Impact of National Crisis

Sri Lanka faced consecutive major crisis particularly during the last 2019 to 2023 period, which had significant negative impact on the operations of the Company. Key items of note are,

- b. Delays in worker availability, including transport problems starting with Covid 19, the fuel shortages, political unrest, and the migration of many skilled workers. This led to delays in the deliveries of vessels which forced the Company to pay Liquidated Damages as well as to cancel two shipbuilding contracts with the payment of compensation to the Buyer. Company had to compromise the expected profit from those cancelled projects during the year 2023 which deepened its' losses.
- c. The Country default led to foreign customers refusing to accept bank guarantees from any Sri Lankan banks. This forced CDPLC to obtain bank guarantees from international banks after keeping 100% deposits with these banks as they were not willing to accept any exposure to Sri Lanka at the time. CDPLC at the same time was forced to build these vessels out of borrowed funds. At the peak of this crisis CDPLC had to deposit over Euro 45 million in international banks earning almost 0% interest, while was forced to borrow in Sri Lanka for rates as high as 29% for LKR borrowings and 12% for USD borrowings per annum. This was due to the disparity of national interest rates between countries at the time.
- d. Global supply chain disruption and rising international prices for many raw materials including steel, machinery, and other major components had a significant negative impact on the financial results of the shipbuilding segment.
- e. General Disruptions in the local market including shortages, rising operating costs as well as poor reputation of Sri Lanka in international markets specially during 2022 and 2023 has created numerous difficulties in both operations, among customers as well as international suppliers.

Global supply chain disruptions, the timing of the contracts in relation to the financial crisis of the country as well as the decision to accept a low price to enter these advanced markets and the other factors mentioned above, all converged together to create a significant loss for the Company at the end of 2023.

3. Financial Year 2024

Losses continued to the financial year 2024 due to accumulated distress as of end of 2023 coupled with few other reasons.

During 2024, Company continued to build low price shipbuilding contracts which were entered into in 2020 and hence shipbuilding segment did generate loss of Rs 3,614 during the financial year 2024. However the losses from this segment has been substantially reduced compared to the Rs 12.813 Mn loss recorded in 2023.

Though the global shipbuilding market and price levels showed a significant improvement from 2023, Company was not in a position to secure any major contract in recent years mainly due to,

- a. Poor credit rating of the Company, shipbuilding customers refused to accept bank guarantees from Sri Lankan Banks. On the Other hand, major equipment suppliers did not accept financial instruments (Eg : Guarantees / LCs) issued by Sri Lankan banks.

Notes to The Financial Statements

- b. International banks and financial institutions were not in a position to grant funding facilities to any major shipbuilding project during 2022 – 2023 period due to poor credit rating of the country and ongoing financial distress of the Company.

Due to the above reasons, the Company was unable to secure any major shipbuilding contracts recently which resulted in low volume in this segment and had a negative impact on the financial performance of the Company.

Company's borrowings were at very high levels during the year 2024 due to the above-mentioned reasons and Company had to incur an interest cost of Rs 2,434.84 Mn (Group – Rs 2,435.94 Mn) during the financial year 2024 which had a substantial negative impact on the financial overall performance of the Company.

4. Future Outlook

4.1 New Investor

As per the market announcement made by the Company on 7th December 2024, major shareholder of the Company, Onomichi Dockyard Ltd – Japan decided to exit from the major shareholding paving the way to the Company to find a new investor to revitalize the Company with adequate fund infusion and take the Company to its next phase of growth.

Consequently, the Company has sought expressions of interest from parties that would commit to acquiring the shares of Onomichi Dockyard Company Limited and infusing a substantial amount of capital into the Company to enable it to overcome its financial difficulties and also provide technical expertise and access to major markets. Following the detailed evaluation of the expressions of interest and proposals received, through internal and external advisors, the Company recommended to Onomichi Dockyard Company Limited that it should sell its shares to the selected candidate who, the Company believes is best positioned and proven to have the ability to provide the Company with the required capital, technical assistance and access to international markets.

The proposed transaction is at an advanced level of negotiations and is very important for the survival and future growth of the Company. When it materializes, it will enable the Company to overcome its financial difficulties and ensure its healthy business operations. It will also benefit the many stakeholders of the Company, including its several thousand employees and creditors, and in addition, enable the Company to regain its status as a leading ship builder and ship repairer.

4.2 Business Operations

Due to its very unique cyclical nature, shipbuilding markets did not perform well during 2012 to 2022 period. However, as per the latest predictions shipbuilding markets will significantly improve and ship prices will rise from 2024 to 2030. During this period, it is expected that most shipyards will come out from the red and show significantly improved financial performance compared to the previous years. As a result of these market improvements and the reputation that the Company has built in these advance markets during past few years, Company is getting increasing number of inquiries for new shipbuilding projects. The Company continues to build hybrid eco bulk carrier vessels while aiming for new Shipbuilding business at higher price points, leveraging on the improved market condition and the reputation built up in these markets. In December 2023, Company signed another four shipbuilding contracts to design, build and deliver 04 Nos of 5000 DWT hybrid eco bulk carriers for Misje Eco Bulk AS – Norway, at higher price points. Also, once the expected new investment is fully assured, Company is expected to get into major shipbuilding contracts which result prudent financial results in shipbuilding segment.

Further, the ship repair business is expected to provide a steady cash inflow, and the management hopes to grow this line of business in the immediate future with the expansion of its ship repair facilities. From 2021 to 2024, the ship repair segment showed lucrative financial performances which is expected to continue for upcoming years as well. The company is planning to invest in 2 projects in Hambantota and Colombo aiming to develop the ship repair segment further.

In addition to its major two segments namely shipbuilding and ship repairing, Company is aggressively marketing its heavy engineering segment majorly focusing on Maldives. In 2024, the Company secured 2 projects to build and deliver an underwater restaurant and a viewing gallery which will be delivered in 2025. Management is confident that the Company will be able to secure more of these projects in the near future.

The company has adequate credit lines arranged with most of the major banks in the country and the expected cash inflow will be sufficient to meet the Company's commitment when due. With the improvement of credit rating of the Country, international suppliers and customers are starting to accept the financial instruments (Eg : Guarantees and LCs) issued by Sri Lankan banks will add comfort to the Company to manage its cash flows.

Management remains confident that the Company will be able to show significant improvements in its financial performance in coming years as these losses are not of a recurring nature, supported by the expected new investment into the Company, improved market condition, healthier country status and its current business strategy.

4.3 Adopt going concern basis

Management acknowledges that material uncertainty remains over the Company's ability to meet its funding requirements. However, as described above, and having evaluated the advance level of negotiation with the prospective investor, non-recurring nature of the losses incurred, improved market conditions, healthier country status and current business strategy, the Management has a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements which assumes that the Company/ the Group will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

In addition, the board of directors of the Company confirms that they do not have any intention of liquidating the Company or cease the operations at least 12 months from the date of signing these financial statements.

39. EVENTS OCCURING AFTER THE REPORTING PERIOD

Subsequent to the major shareholders decision to exit from the major shareholding of the Company, the Company has sought expressions of interest from parties that would commit to acquiring the shares of Onomichi Dockyard Company Limited and infusing a substantial amount of capital into the Company to enable it to overcome its financial difficulties and also provide technical expertise and access to major markets. Following the detailed evaluation of the expressions of interest and proposals received, through internal and external advisors, the Company recommended to Onomichi Dockyard Company Limited that it should sell its shares to the selected candidate who, the Company believes is best positioned and proven to have the ability to provide the Company with the required capital, technical assistance and access to international markets. The proposed transaction is at an advanced level of negotiation and is very important for the survival and future growth of the Company.

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclosure in the Financial Statements, other than above.

40. COMPARATIVE INFORMATION

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

Supplementary Information

Ten Years Financial Summary

Income Statement For the year ended 31st December	2024 Rs. Mn	2023 Rs. Mn	2022 Rs. Mn	2021 Rs. Mn	2020 Rs. Mn	2019 Rs. Mn	2018 Rs. Mn	2017 Rs. Mn	2016 Rs. Mn	2015 Rs. Mn
Revenue	23,695	33,068	24,533	14,885	8,079	10,145	13,169	12,052	9,973	14,407
Cost of Sales	(23,576)	(40,030)	(22,834)	(13,048)	(7,480)	(10,038)	(12,232)	(10,607)	(8,736)	(13,616)
Gross Profit/(Loss)	119	(6,962)	2,055	1,835	599	107	937	1,445	1,237	791
Other Expenses	(3,541)	(4,705)	(4,514)	(2,264)	(1,806)	(2,274)	(1,986)	(1,918)	(1,828)	(1,714)
Profit/(Loss) before Other Income	(3,422)	(11,667)	(2,816)	(428)	(1,207)	(2,167)	(1,049)	(473)	(591)	(923)
Other Operating Income	631	479	4,428	467	164	166	1,060	202	143	170
Profit/(Loss) FROM OPERATION	(2,791)	(11,188)	1,612	39	(1,043)	(2,001)	11	(271)	(448)	(753)
Net Interest Costs	(2,103)	-2390	(1,025)	278	(206)	190	160	197	10	59
Profit/(Loss) before Tax	(4,894)	(13,578)	587	317	(1,249)	(1,811)	171	(74)	(438)	(694)
Taxation	2,137	2451	(71)	(147)	(97)	(123)	(27)	(69)	6	(14)
NET PROFIT/(LOSS) FOR THE YEAR	(2,757)	(11,127)	516	171	(1,346)	(1,935)	144	(143)	(432)	(708)
Retained Profit b/f	(5,874)	5144	4,778	4,611	6,119	8160	8,108	8,302	8,722	9,646
Profit available for Appropriation	(8,631)	(5,983)	5,312	4,782	4,773	6,225	8,252	8,159	8,290	8,938
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-	-
Final Dividends/Other Comprehensive Income	24	109	(168)	(4)	(162)	(113)	(92)	(51)	12	(216)
	(8,607)	(5,874)	5,144	4,778	4,611	6,112	8,160	8,108	8,302	8,722

As at 31st December	2024 Rs. Mn	2023 Rs. Mn	2022 Rs. Mn	2021 Rs. Mn	2020 Rs. Mn	2019 Rs. Mn	2018 Rs. Mn	2017 Rs. Mn	2016 Rs. Mn	2014 Rs. Mn
ASSETS										
Property Plant & Equipment	19,552	12,626	4,673	4,667	4803	4231	4,049	3,806	4,038	4,328
Investments & Taxes	775	710	567	751	913	920	695	608	594	523
	20,327	13,336	5,240	5,418	5,716	5,151	4,744	4,414	4,632	4,851
Current Assets										
Inventories	2,977	3,243	5,140	1,693	878	505	718	647	1,235	985
Trade & Other Receivables	10,856	15,167	19,877	10,141	4812	4984	5,491	7,002	11,005	9,503
Cash & Cash Equivalent	6,150	4,304	18,165	6,827	4191	3986	4,115	4,642	2,110	1,870
	19,983	22,714	43,182	18,662	9,881	9,475	10,324	12,291	14,350	12,358
TOTAL ASSETS	40,310	36,050	48,422	24,081	15,597	14,626	15,068	16,705	18,982	17,209
EQUITY & LIABILITIES										
Stated Capital	714	714	714	714	714	714	714	714	714	714
Other Reserves	21	22	22	17	(105)	(6)	93	16	15	15
Revaluation Reserve	10,572	5,611	-	-	-	-	-	-	-	-
Revenue Reserves	(8,607)	(5,874)	5,144	4,778	4611	6118	8,160	8,108	8,302	8,722
Share Holders Fund (Net Worth)	2,818	473	5,880	5,510	5,220	6,826	8,967	8,838	9,031	9,451
Non-Current Liabilities										
Interest bearing borrowings	7,458	3,000	-	-	-	-	-	-	-	-
Lease Liability	128	161	135	156	186	167	-	-	-	-
Retirement benefit Obligation	1,330	1,273	1,201	928	1015	860	842	899	839	870
	8,916	4,434	1,336	1,084	1,201	1,027	842	899	839	870
Current Liabilities										
Trade & Other Payables	6,114	8,572	14,860	6,273	2714	3086	2,531	3,448	1,676	2,332
Interest bearing Borrowings	21,210	20,850	24,038	11,025	6441	3671	2,713	3,494	7,410	4,507
Income Tax Payable	-	-	-	-	-	-	-	-	-	-
Dividends Payable	10	10	10	9	10	11	15	26	26	40
Bank Overdraft	1,360	1,711	2,298	178	11	5	-	-	-	9
	28,738	31,143	41,206	17,485	9,176	6,773	5,259	6,968	9,112	6,888
	40,310	36,050	48,422	24,081	15,597	14,626	15,068	16,705	18,982	17,209

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 Forty Second Annual General Meeting of Colombo Dockyard PLC (the "Company") will be held at the Grand Ballroom, Galadari Hotel, No.64, Lotus Road, Colombo 1, Sri Lanka on the 30th of June 2025 at 10.00 a.m 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 2024 and the Report of the Auditors.
2. To pass the ordinary resolution set out below, with or without modifications to appoint Mr. Lalith Ganlath, who has reached 73 years of age, as a Director of the Company.
"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Lalith Ganlath who is seventy-three (73) years of age and he shall be re-appointed as a Director of the Company as per Section 211 of the Companies Act, No. 7 of 2007."
3. To pass the ordinary resolution set out below, with or without modifications to appoint Mr. Sarath de Costa, who has reached 73 years of age, as a Director of the Company.
"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Sarath de Costa who is seventy-three (73) years of age and he shall be re-appointed as a Director of the Company as per Section 211 of the Companies Act, No. 7 of 2007."
4. To pass the ordinary resolution to reappoint Mr. V. G. L. A. Jayawardena who will be retiring from office at the Annual General Meeting by way of rotation, and to reappoint him as a Director of the Company in terms of Article 22(xii) of the Articles of Association of the Company."
"IT IS HEREBY RESOLVED THAT Mr. V. G. L. A. Jayawardena, who will be retiring as a Director of the Company by rotation, is hereby reappointed as a Director of the Company in terms of Article 22 (xii) of the Articles of Association of the Company."
5. To re-appoint Messrs. KPMG, the retiring Auditors of the Company, and authorize the Directors to fix their remuneration.
6. To authorize the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting

By order of the Board
COLOMBO DOCKYARD PLC



Manori Mallikarachchi
Company Secretary

6th day of June 2025
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 48 hours prior to the time appointed for the holding of the meeting.

Please bring your National Identity card when attending the Meeting.

Notes

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. Lalith Ganlath	of Colombo (or failing him)
Mr. Sarath de Costa	of Colombo (or failing him)
Mr. Thimira S. Godakumbura	of Colombo (or failing him)
Mr. V. G. L. A. Jayawardena	of Colombo (or failing him)
Mr. C. C. Wickramatileka	of Colombo (or failing him)
Mr. C. A. M. Jayamaha	of Colombo

as my/our Proxy to represent and speak and vote for me/us* and on my/our behalf at the Forty Second Annual General Meeting of the Company to be held on the 30th of June 2025 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereon.

	For	Against
1. To approve the Ordinary Resolution with or without modification, as set out in item 2 in the Notice of Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Ordinary Resolution with or without modification, as set out in item 3 in the Notice of Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the Ordinary Resolution with or without modification, as set out in item 4 in the Notice of Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the Ordinary Resolution with or without modification, as set out in item 5 in the Notice of Annual General Meeting to re-appoint Messrs. KPMG the retiring Auditors and authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the Ordinary Resolution with or without modification, as set out in item 6 in the Notice of Annual General Meeting to authorize the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
Signature

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

Form of Proxy

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-eight 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.

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 - 000846

Income tax - 124085896-0000

DIRECTORS

Lalith Ganlath
Chairman

Sarath De Costa
Vice Chairman

Thimira S. Godakumbura
Managing Director/CEO

C. C. Wickramathilake
Director

Nihal D. Liyanage
Director

V. G. L. A. Jayawardena
Director

C. A. M. Jayamaha
Director

AUDIT COMMITTEE

C. C. Wickramathilake (Chairman)

C. A. M Jayamaha

Nihal D. Liyanage

REMUNERATION COMMITTEE

C. A. M Jayamaha (Chairman)

Lalith Ganlath

C. C. Wickramathilake

RELATED PARTY TRANSACTION COMMITTEE

C. A. M. Jayamaha (Chairman)

C. C. Wickramathilake

V. G. L. A. Jayawardena

Thimira S. Godakumbura

NOMINATION AND GOVERNANCE COMMITTEE

C. C. Wickramathilake (Chairman)

Sarath De Costa

C. A. M Jayamaha

COMPANY SECRETARY

Mrs. Manori P. Mallikarachchi
Graving Docks, Port of Colombo,
Colombo 15, Sri Lanka

CORPORATE MANAGEMENT

Thimira S. Godakumbura
Managing Director/CEO

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

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

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

P. D. Gihan Ravinatha
General Manager (Finance) / Chief
Financial Officer

P. S. Abeysinghe
General Manager (Yard
Development)

K. N. G. W. Kariyawasam
General Manager (Production)

Manori Mallikarachchi
Legal Consultant/Company Secretary
Attorney-at-Law & Notary Public

N. M. K. B. Nayakarathne
Managing Director/CEO (Dockyard
General Engineering Service (pvt)Ltd)

M. Rohan De Silva
General Manager (Dockyard Total
Solutions (Pvt) Ltd)

AUDITORS

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar
Mawatha, Colombo 3, Sri Lanka.

ACCOUNTING YEAR END

31st December

REGISTRARS

Central Depository Systems (Pvt) Ltd
M&M Center, Ground Floor,
341/5 Kotte Rd, Rajagiriya

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 Total Solutions (Pvt) Ltd
223, Jayantha Mallimarachchi
Mawatha,
Colombo 14, Sri Lanka.

BANKERS

Bank of Ceylon
National Development Bank PLC
State Bank of India
Sampath Bank PLC
Standard Chartered Bank
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
DFCC

CONTACT DETAILS

P O Box 906 Port of Colombo
Colombo 15 Sri Lanka

Tele	:94 112 429 000,
Fax	:94 112 446 441, 94 112 471 335
Email	:coldock@cdl.lk
Internet	: www.cdl.lk



**COLOMBO
DOCKYARD**

www.cdl.lk