

Resurgence

A Story From Resilience to Growth

Colombo Dockyard PLC
Annual Report for the
Fifteen Months Period Ended
31st March 2026



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Resurgence

A Story From Resilience to Growth

In the heat where steel is shaped and sparks meet the sea air,
Colombo Dockyard PLC keeps forging ahead.

After a tough period, the Dockyard emerges stronger with a clearer purpose, better systems, and a mindset for the future. This story is about resilience: learning, rebuilding, and turning pressure into progress.

Like metal tempered by fire, it has become more capable, agile, and determined, ready to seize opportunities. Beyond recovery are momentum and capacity. Beyond today's horizon lies a future of discipline, innovation, and belief.

From uncertainty, a new era rises, steady, bold, and built to last.

Who we are

For over five decades, Colombo Dockyard PLC has stood at the forefront of Sri Lanka's maritime and engineering industry, transforming from a local dockyard into a globally recognized engineering partner. Established in 1974 and strategically located within the Port of Colombo, the Company operates at the crossroads of major international shipping routes connecting the East and West, enabling seamless access to global maritime markets.

Today, Colombo Dockyard delivers integrated solutions across shipbuilding, ship repairs, heavy engineering, and offshore engineering, supported by world-class infrastructure that includes four graving dry docks with capacities of up to 125,000 DWT and extensive repair berth facilities. The Company's operational strength is further enhanced through its strategic collaboration with Mazagon Dock Shipbuilders Limited, one of India's premier shipbuilding and defence engineering companies, bringing together regional expertise, advanced engineering capabilities, and long-term industrial synergies.

The Group's diversified business model is strengthened through its subsidiaries namely Dockyard General Engineering Services (Pvt) Ltd, Dockyard Total Solutions (Pvt) Ltd, and Ceylon Shipping Agency (Pte) Ltd which collectively support engineering services, technical solutions, and global supply chain operations. As a publicly listed entity on the Colombo Stock Exchange and a licensed enterprise of the Board of Investment of Sri Lanka, CDPLC continues to play a vital role in Sri Lanka's industrial and export economy.

What differentiates Colombo Dockyard is not only the scale of its operations, but also its ability to undertake highly specialized and technically demanding projects. From building sophisticated vessels to executing complex repair and engineering solutions, the Company has cultivated a niche reputation built on quality, innovation, reliability, and sustainable engineering practices.

Driven by a future-focused vision, Colombo Dockyard continues to invest in technology, people, and strategic partnerships to strengthen its position as a leading maritime and engineering solutions provider in the region. With a legacy built on resilience and transformation, the Company remains committed to navigating new horizons and creating long-term value for all stakeholders.

Engineering Excellence Since 1974

Our Vision



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

Our Mission



We strive:

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

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL POLICY

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

Over five decades of engineering excellence powering global maritime Landscape

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.

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.

Established

1974

Industry

Shipbuilding & Engineering

Listing

Colombo Stock Exchange

Operations

Sri Lanka

STRATEGIC LOCATION

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.

FACILITIES

4 Graving Dry Docks

125,000 DWT Maximum Capacity

Extensive Repair Berth Facility

CAPABILITIES

Ship Repairs

Shipbuilding

Heavy Engineering

Offshore Engineering



“ Our differentiation lies in how we do business delivering quality, innovation, and the capability to execute complex and unique engineering solutions. ”

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

OUR CORE VALUES

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

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

OUR COMPETITIVE EDGE

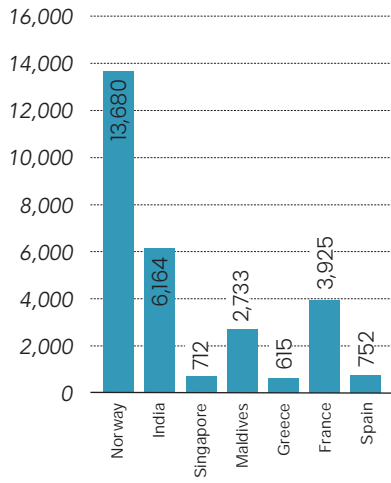
Colombo Dockyard's niche position in building some of the world's most unique vessels holds the Company in good stead. The emphasis on absolute quality and the infusion of green initiatives (some of them, pioneering features in this region) as well as our processes, give us a competitive stance that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

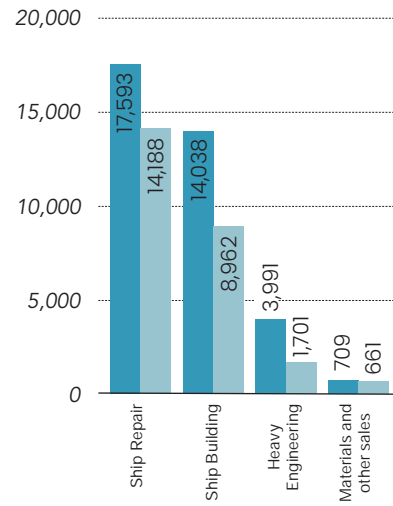
| | Current period (15 months) Rs. Mn | 2024 (12 months) Rs. Mn | Change Rs. Mn | % |
|-------------------------------|---|-------------------------------|------------------|------------|
| Results for the Year | | | | |
| Revenue | | | | |
| Ship Repairs | 17,592 | 14,188 | 3,404 | 24% |
| Shipbuildings | 14,038 | 8,962 | 5,076 | 57% |
| Heavy Engineering | 1,623 | 579 | 1,044 | 180% |
| | 33,253 | 23,729 | 9,524 | 40% |
| Export Revenue | 30,659 | 22,200 | 8,459 | 38% |
| Local Revenue | 2,594 | 1,529 | 1,065 | 70% |
| Gross Profit /(Loss) | 3,654 | 119 | 3,535 | 2971% |
| Profit /(Loss) before Tax | (2,578) | (4,894) | 2,316 | -47% |
| Taxation | (53) | 2,137 | (2,190) | -102% |
| Net Profit /(Loss) after Tax | (2,631) | (2,757) | 126 | -5% |
| Local Value Addition | 21,648 | 12,842 | 8,806 | 69% |
| Employees Salaries & Benefits | 8,759 | 6,678 | 2,081 | 31% |

| | Current period (15 months) Rs. Mn | 2024 (12 months) Rs. Mn | Change Rs. Mn | % |
|---------------------------------------|---|-------------------------------|------------------|------|
| Results for the Year | | | | |
| Financial Position | | | | |
| Total Assets | 34,842 | 40,310 | (5,468) | -14% |
| Total Liabilities | 21,880 | 37,609 | (15,729) | -42% |
| Share Holders' Fund | 12,962 | 2,701 | 10,261 | 380% |
| Net Cash & Cash Equivalents | 7,181 | 6,150 | 1,031 | 17% |
| Information Per Ordinary Share | | | | |
| Earnings (Rs.) | 10.25 | (11.96) | 1.71 | -14% |
| Net Assets (Rs.) | 32.8 | 37.6 | (4.78) | -13% |
| Market Value (Rs.) | 122.3 | 65.9 | 56.35 | 86% |
| Market Capitalization Rs. Mn | 48,316 | 4,735 | 43,581 | 920% |
| Financial Ratios | | | | |
| Net Profit after Tax (%) | (7.92) | (11.63) | 4 | -32% |
| Return On Assets (%) | (7.55) | (6.84) | (1) | 10% |
| Interest Cover (Times) | (0.09) | (1.27) | 1 | -93% |
| Return On Equity (%) | (20) | (102) | 82 | -80% |

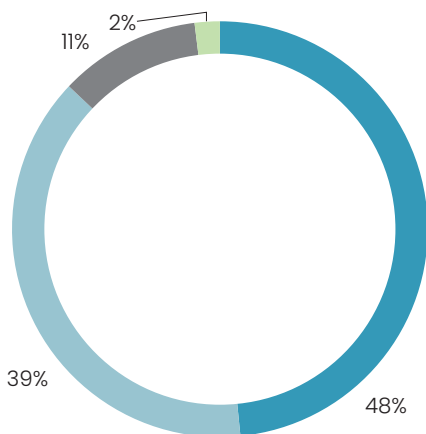
Major Overseas Markets Current Reporting Period (15 Months)



Group Segmental Revenue Contribution-Current Reporting Period (15 Months) vs 2024 (12 Months)

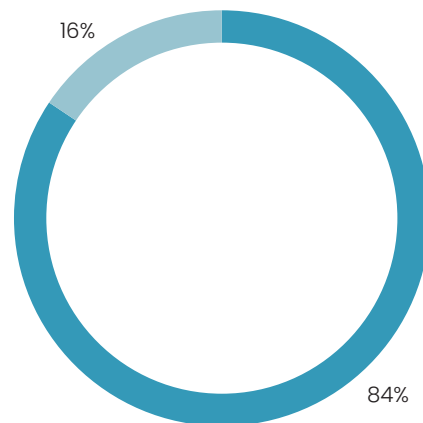


Group Segmental Revenue Contribution-Current Reporting Period (15 Months)



- Ship Repair
- Ship Building
- Heavy Engineering
- Materials and other sales

Group Export Revenue-Current Reporting Period (15 Months)



- Export
- Local

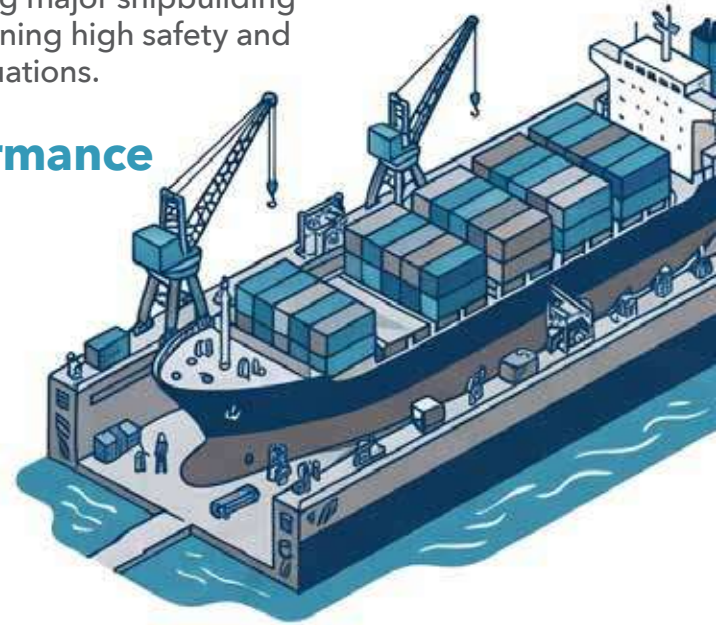
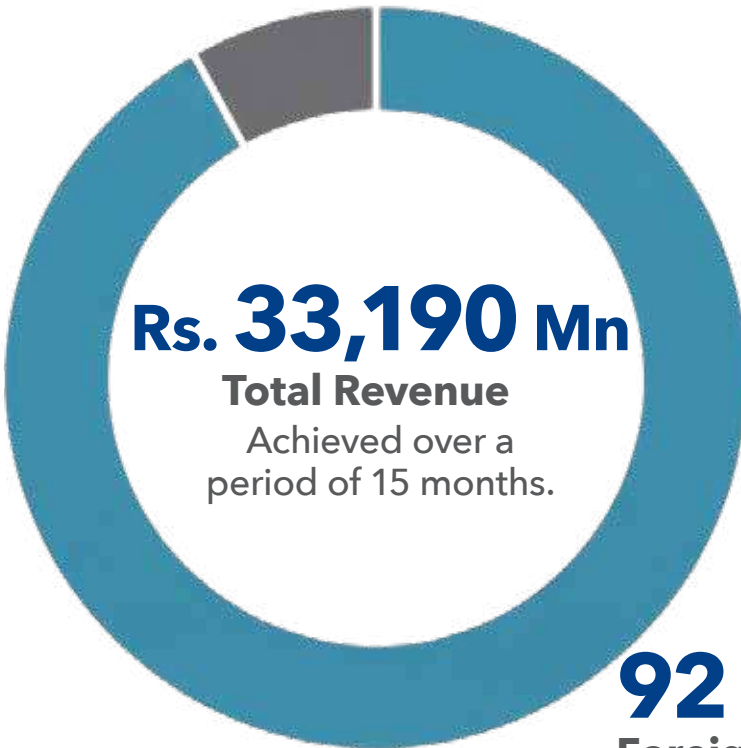
- Overview
- Management Discussion and Analysis
- Stewardship
- Financial Report
- Supplementary Information

The Operational Highlights

From 01.01.2025 to 31.03.2026, 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.

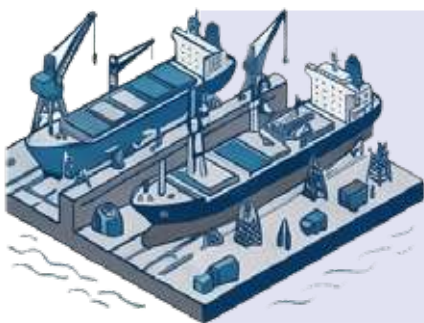
Commercial & Operational Performance

Domestic Revenue **8 %**



92 %
Foreign Revenue

99 %
Dry Dock Utilization
Achieved dry dock occupancy for all dry docks.



202
Ship Repairs
Successfully completed

4 
New Vessels Delivery
Norway Client

Safety, Workforce & Infrastructure

0.2%
Reduction in
Major Accidents

Frequency rate
dropped significantly
over 15 months



Rs. 668 Mn
Capital Expenditure

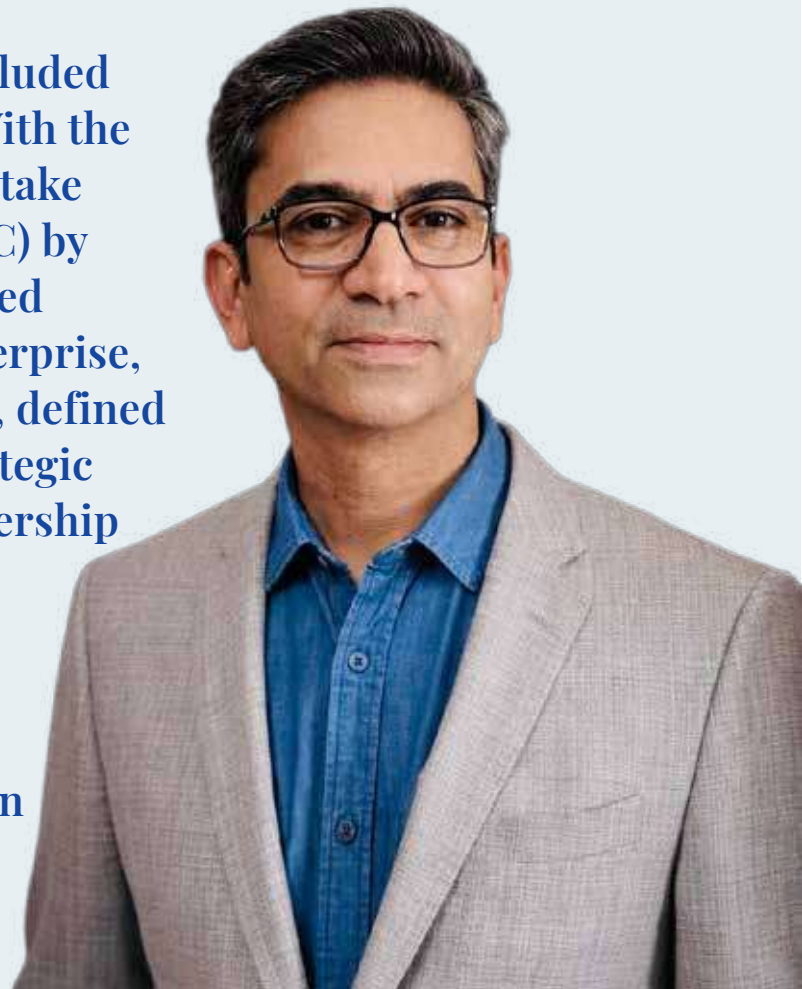
Invested in yard productivity
improvements and infrastructure





Chairman's Review

The period under review just concluded has been one of transformation. With the historic acquisition of a majority stake in Colombo Dockyard PLC (CDPLC) by Mazagon Dock Shipbuilders Limited (MDL), a Government of India enterprise, CDPLC has entered a new chapter, defined by strong capital base, deeper strategic anchorage, and a long-term partnership with one of South Asia's most respected shipbuilders. We have significantly strengthened our balance sheet, secured a record order book, and laid the foundation for sustained, mutually beneficial growth across the Palk Strait.



It gives me great pleasure to present the Annual Report of Colombo Dockyard PLC (CDPLC) for the fifteen-months period ended 31 March 2026. This is my first address to shareholders as Chairman of CDPLC, and I do so at a moment of genuine historic significance for the Company, for Sri Lanka's shipbuilding industry, and for the maritime partnership between Sri Lanka and India.

The period under review was a year of decisive turning. It began with a Company under financial stress, on the watchlist of the Colombo Stock Exchange, and searching for a strategic investor. It closes with that search behind CDPLC, with a new majority shareholder formally in place, with our balance sheet decisively strengthened and standing on the Colombo Stock Exchange restored into the Main Board, and with a record order book extending well into the next few years.

GLOBAL AND LOCAL ENVIRONMENT

The global maritime environment remained complex. Geopolitical tensions in the Red Sea and the Gulf reshaped vessel routings tightening International Maritime Organization regulations on emissions accelerated demand for greener tonnage and persistent inflation in steel and equipment pushed up build costs. For a specialised shipbuilder like CDPLC, however, these pressures opened windows of opportunity in Cable Laying Vessels for telecommunications and offshore-wind, in offshore support vessels, and in hybrid-propulsion newbuilds.

At home, Sri Lanka continued its hard-earned macroeconomic recovery. Growth, inflation, interest rates and the exchange rate all moved in favourable directions, restoring a measure of investor confidence. Sri Lanka's emerging role as a maritime

hub in the central Indian Ocean anchored by Colombo, Hambantota, Trincomalee and Galle has acquired fresh strategic weight, and CDPLC is well placed to participate in that growth.

A HISTORIC TRANSITION AND A LONG-TERM PARTNERSHIP

On 27th March 2026, Mazagon Dock Shipbuilders Limited (MDL), a Navratna Defence Public Sector Enterprise of the Government of India listed on the National Stock Exchange and the Bombay Stock Exchange, formally completed the acquisition of a 51% controlling stake in CDPLC. This is the first international acquisition ever undertaken by an Indian shipbuilder and CDPLC is now a foreign subsidiary of MDL.

The journey was deliberate and conducted in full public view, beginning with the Tripartite Agreement signed on 27 June 2025 with the approval of the MDL Board, the Ministry of Defence and the Department of Investment and Public Asset Management. MDL subscribed to CDPLC's Rights Issue in January 2026, the Mandatory Offer required under Sri Lanka's Takeovers and Mergers Code followed; and a minor on market top-up brought MDL's holding to 51%. The total investment was approximately USD 27 million. Also, MDL is fully geared to inject further funds into CDPLC where it finds feasible growth opportunities.

MDL has approached this acquisition with a long term horizon and the discipline of a strategic owner, not a financial investor. The transaction sits within India's Maritime Amrit Kaal Vision 2047 and complements the continued bilateral maritime cooperation between Sri Lanka and India. The partnership has been shaped from the outset to be mutually beneficial. For Sri Lanka and CDPLC, it brings stable, patient capital access to MDL's deep technical and project management capabilities introduction to a wide circle of Indian and international customers and a clear commitment to the long-term development of Colombo, Hambantota, Trincomalee and the wider Sri Lankan maritime industry. For MDL and India, it brings a credible regional partner, proximity to the international shipping lanes that cross the central Indian Ocean, and a tangible demonstration of the India-Sri Lanka neighbourhood being put to constructive economic use.

Critically, the acquisition has been completed with zero loss of jobs. Every one of our 3,000 direct employees (approximately) has been retained, and our intention is to grow this base meaningfully over the next several years. CDPLC's identity

as a Sri Lankan company, listed on the Colombo Stock Exchange, continues unaltered. What has changed is the strategic anchor behind it. I would like to record the Board's deep appreciation for our thirty year association with Onomichi Dockyard Co., Ltd. of Japan, the institutional culture and shipbuilding standards we inherited from that relationship are foundational to who we are, and we part as friends.

FINANCIAL POSITION AND RECOVERY

The financial transformation during the period under review has been substantive. Total equity of the Company rose from LKR 2,701 million (Group - Rs 5,311 Mn) at the start of the period to LKR 12,962 million (Group - Rs 15,311 Mn) as at 31 March 2026, with the Rights Issue contributing LKR 12,935 million of fresh capital. Total borrowings reduced from LKR 28,668 million to LKR 14,594 million - a reduction of approximately 49% in fifteen months. Operationally, gross profit of the Company rose from LKR 119 million (Group - Rs 603 Mn) in the prior twelve-month period to LKR 3,654 million (Group - Rs 4,246 Mn) in the fifteen-month period, on revenue of LKR 33,190 million (Group - Rs 36,196 Mn). Loss for the period at LKR 2,631 million (Group - Rs 2,921 Mn) reflects historic finance costs that weighed on most of the period and the front-end-loaded nature of two new shipbuilding contracts with negative margins. Finance costs are expected to fall significantly in the new financial year as the benefit of the post Rights Issue debt position flows through.

I am also pleased to record that following the strengthening of the Company's financial position and the completion of the change of control, CDPLC has been removed from the watchlist of the Colombo Stock Exchange and restored to the Main Board on 25th May 2026. We have engaged closely with our lending banks to restructure short-term facilities into longer-tenor instruments in better terms, and we will continue to diversify our banking base over the coming years.

OPERATIONS AND ORDER BOOK

Ship repair, our higher margin business, generated revenue of LKR 17,592 million across a wide spread of tankers, container carriers, bulk carriers, offshore support vessels, naval craft and cable-laying tonnage. Shipbuilding contributed LKR 14,038 million, anchored by further deliveries in the Misje 5,000 DWT hybrid Eco Bulk Carrier series for our Norwegian client and by the early stage execution of the Cable Laying Vessel projects for Orange Marine of France. Heavy Engineering contributed LKR 1,623 million top line at Company level.

Chairman's Review *contd.*

The defining order book event of the period was the signing in November 2025 of contracts with Orange Marine for two advanced Cable Laying and Repair Vessels, the largest single order in Company's 52 year history. Keel laying for the first vessel took place on 2 April 2026. Conversations are well advanced for further cable-laying contracts, and we are working closely with MDL's customer development network to broaden our pipeline among Indian public sector charterers, including the Shipping Corporation of India, the Dredging Corporation of India, and the Oil Marketing Companies. A Memorandum of Understanding between CDPLC and the Dredging Corporation of India was signed in Colombo on 7 April 2026, which demonstrate the business synergies that MDL can bring into CDPLC

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

CDPLC retained full certification under ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018. Hybrid-propulsion newbuilds are now an established part of our product mix, and our safety performance improved further, with no fatalities at the yard. Industrial relations remained constructive and we are presently engaged in finalising the next round of Collective Agreements with our recognised trade unions in a manner consistent with the Company's financial sustainability.

CORPORATE GOVERNANCE

The Board of Directors was reconstituted to reflect the new shareholding structure. I assumed office as Non-Executive Chairman on 7 April 2026, and the Board now includes nominees of MDL alongside the continuing Executive and Independent Directors. Governance arrangements continue to be administered in full compliance with the Colombo Stock Exchange Listing Rules, the Companies Act No. 7 of 2007 and the relevant codes of corporate governance. As CDPLC is now a subsidiary of an Indian listed entity, our disclosure framework also dovetails with the obligations of MDL under the Securities and Exchange Board of India's Listing Obligations and Disclosure Requirements Regulations. A formal Monthly Management Review Mechanism now serves as the principal instrument through which the Board, and in particular the non-executive Directors based in Mumbai, exercise structured oversight between Board meetings.

FUTURE OUTLOOK

CDPLC enters the new financial year with materially stronger fundamentals than at any time in recent memory. Our equity base is restored, debt load is substantially lighter, order book is at a record level, and we have a long-term strategic anchor with our new majority shareholder.

The forward plan rests on four legs, full and timely execution of the newbuilding contracts with disciplined attention to project margins and schedules, deepening ship-repair revenue with a specific focus on rebuilding our share of Indian public-sector tonnage, organic growth at Hambantota and feasibility-led development of a floating-dock-based ship-repair presence at Trincomalee in cooperation with MDL, and careful evaluation of selected regional opportunities, including the proposed shipyard development in the Maldives. Behind each initiative is the discipline of a publicly listed company that takes its responsibility to all its stakeholders with utmost seriousness.

APPRECIATION

On behalf of the Board, I extend sincere thanks to our shareholders, both pre-existing and new, for the trust you have placed in the Company through a period of fundamental change. To Mazagon Dock Shipbuilders Limited, our new majority shareholder, I record our appreciation for the strategic clarity, the resources and the long-term commitment that have already begun to make a tangible difference. I record our continuing gratitude to the Government of Sri Lanka, the Board of Investment, the Sri Lanka Ports Authority, the Securities and Exchange Commission, the Colombo Stock Exchange, the Sri Lanka Navy, the Department of Customs and our Banking Partners; to the Government of India, the Ministry of Defence, the Department of Investment and Public Asset Management, and the Indian High Commission in Colombo; and to our employees, subcontractors, suppliers and long-standing customers whose steadiness has been the bedrock on which the year's achievements have been built.

Colombo Dockyard PLC is in good hands, with a long and confident horizon before it. I look forward with optimism and with a clear sense of responsibility to the year ahead.



Capt. Jagmohan, IN (Retd.)
Chairman

Colombo Dockyard PLC
June 2026
Colombo, Sri Lanka



स्वर्ण पुष्प
SWARNA PUSHPA

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COLOMBO
DOCKYARD
PLC

MD/CEO's Review

The fifteen months under review have been transformative not merely in financial terms, but in the very character of what Colombo Dockyard PLC is and where it is headed. We navigated a period of profound challenge with clarity of purpose: to restructure, to stabilize, and to emerge stronger. We have done that. We enter the new financial year with a record order book, a restored balance sheet, a 3,000 strong workforce that remains fully intact, and a long-term strategic partner whose ambitions for this Company match our own. The restoration of CDPLC to the Main Board of the Colombo Stock Exchange is the most visible marker of how far we have travelled but the more consequential transformation is a Company that has redefined its strategic position, its partnerships, and its horizon.



FINANCIAL REPORTING PERIOD AND FRAMEWORK

Before reviewing performance, I draw shareholders' attention to an important change in the Company's financial reporting. To align with the April-to-March financial year of our new majority shareholder, Mazagon Dock Shipbuilders Limited (MDL), the current report covers a transitional fifteen-month period from 1st January 2025 to 31 March 2026. With effect from the next Financial Statements, CDPLC will report on the new April-to-March cycle. This alignment strengthens comparability, governance coherence, and disclosure consistency across the group.

A STRATEGIC ALIGNMENT FOR THE FUTURE

What we have built with MDL is not merely a capital transaction it is a strategic alignment of purpose. This partnership, nurtured from the CDPLC side since its very inception, was built on a singular conviction that CDPLC and Sri Lanka's maritime industry needed a partner capable of unlocking growth that could not be achieved alone. MDL, widely recognized as India's 'Shipbuilders to the Nation,' answered that call on every dimension.

India's Maritime Amrit Kaal Vision 2047 places shipbuilding and maritime infrastructure at the core of India's emergence as a global maritime power and our partnership carries the

weight and reach of that national momentum. India's fleet renewal drive across its public sector maritime institutions generates a pipeline of demand of considerable scale, and CDPLC is now positioned to access that pipeline with the direct backing of our majority shareholder. The MoU with the Dredging Corporation of India, signed within days of completion, is the first visible expression of this. A key and highly significant dimension of the MDL partnership is their commitment to supporting the Company in obtaining bank guarantees from international banks, an essential prerequisite for securing major shipbuilding orders from international clients, and an area where the Company, independently, was highly constrained. This support directly enabled the Orange Marine Cable Laying Vessel contracts, the largest single order in our 52-year history.

Sri Lanka's maritime geography places it at the intersection of the world's most active trade corridors, and its development strategy as a regional maritime hub is a natural complement to India's vision, not a competitor of it. The MDL partnership does not merely stabilize CDPLC, it repositions us as an integral node in a broader regional maritime network and that is a fundamentally different platform from which to grow. Equally significant is MDL's commitment to the wellbeing of our people: the transition to MDL ownership has been completed with full preservation of employee welfare, job security, employment contracts, and trade union agreements, representing a profoundly positive outcome for our workforce and the broader CDPLC community.

FINANCIAL PERFORMANCE

The Company recorded significantly improved revenue performance across the fifteen-month transitional period, at both Company and Group level, compared with the prior twelve-month period. Operationally, gross profit of the Company rose from LKR 119 million (Group – Rs 603 Mn) in the prior twelve-month period to LKR 3,654 million (Group – Rs 4,246 Mn) in the fifteen-month period, on revenue of LKR 33,190 million (Group – Rs 36,196 Mn). Through stringent cost controls, enhanced project governance, and disciplined execution, the Company was able to record a positive Gross Profit and narrow down Net Loss demonstrating strong signs of stabilization and recovery.

The net loss for the period of LKR 2,631 million (Group – Rs 2,921 Mn) is attributable primarily to the heavy burden of finance costs accumulated from prior years, which continued to weigh on results through much of the period. This is non-

recurring in nature, and finance costs are expected to fall materially in the year ahead as the full benefit of the post-Rights-Issue debt reduction flows through. The underlying operational performance, reflected in the sharp improvement in gross profits, tells the more consequential story of where the Company stands today.

The balance sheet transformation has been decisive. Total equity at both Company and Group level rose substantially over the period, driven by the Rights Issue which brought in significant fresh capital to total equity to be stand at LKR 12,962 million (Group – Rs 15,311 Mn) as at 31 March 2026. Total borrowings were reduced by approximately 49% in fifteen months, a structural improvement that materially alters the Company's financial risk profile. Debt restructuring discussions with our banking partners are at well advanced stage. The restoration of CDPLC to the Main Board of the Colombo Stock Exchange on 25 May 2026, following removal from the Watch List, is the clearest public signal of the transformation achieved.

SHIP REPAIR

Ship repair remains the Company's highest margin business and delivered another strong fifteen months period, in terms of both the revenues and margins. Vessels handled spanned tankers, container carriers, bulk carriers, offshore support vessels, naval craft, and cable-laying tonnage. Dry dock utilization improved, afloat repair volumes grew, and turnaround times continued to tighten. The number of vessels handled increased compared to the prior year, reflecting growing regional demand and our strengthened service offering.

Our multi-port operational footprint spanning Colombo, Galle, Hambantota, Trincomalee, and outer anchorages positions CDPLC as the most comprehensively deployed maritime services provider on the island, strategically located along the key international trade route connecting East and West. This enables us to serve a wider client base while contributing meaningfully to the country's foreign exchange earnings. The Company is actively working, in conjunction with MDL, to rebuild our share of Indian public-sector tonnage a segment where even at present the majority of ship repair revenue comes from Indian-owned vessels, and one where our partnership with MDL presents a compelling opportunity for further growth. A Memorandum of Understanding with the Dredging Corporation of India, signed in Colombo on 7 April 2026, is a tangible early step in this direction.

MD/CEO's Review contd.

SHIPBUILDING

Shipbuilding delivered a strong contribution to revenue for the period. Three vessels were successfully completed and delivered ahead of their contractual delivery dates a result that reinforced confidence among international clients and demonstrated our resilience and capability to execute projects effectively amidst volatile operating environments. Deliveries in the Misje 5,000 DWT hybrid Eco Bulk Carrier series for our Norwegian client successfully concluded, reflecting the long-standing quality of that relationship.

The defining order-book event of the period was the signing in November 2025 of contracts with Orange Marine of France for two advanced Cable Laying and Repair Vessels the largest single order in the Company's 52-year history. Keel laying for the first vessel took place on 2 April 2026, and execution is progressing to schedule. Conversations for further cable-laying contracts are well advanced, and our pipeline for 2027–2030 is taking shape.

Global demand for specialised tonnage Cable Laying Vessels, Offshore Support Vessels, Service Operation Vessels for offshore wind, and dredgers is expected to remain strong as decarbonization investment and subsea connectivity infrastructure continue to grow. CDPLC is strategically well positioned to capture a meaningful share of this demand.

HEAVY ENGINEERING

The Heavy Engineering segment delivered a meaningful contribution to revenue at Company level, continuing to build on its specialised capability in complex structural and underwater installations. The segment secured contracts for two underwater restaurant structures for luxury resort developments in the Maldives further advancing our established niche in high-specification marine structures for the hospitality and resort industry scheduled for delivery in 2026.

OPERATIONAL EXCELLENCE AND DIGITAL TRANSFORMATION

Disciplined project execution, lean process implementation, and tighter cost monitoring were central to the operational turnaround delivered in the period. Building on this, the Company launched the Operational Excellence (OpEx) initiative from January 2026, encompassing digital production planning, enhanced project management systems, automated welding,

fabrication capacity expansion, and process re-engineering based on lean manufacturing principles. These investments are designed to improve throughput, reduce rework, enhance quality consistency, and strengthen our cost competitiveness on complex newbuild programmes.

PEOPLE, SAFETY AND SUSTAINABILITY

Our approximately 3,000 direct employees are the foundation on which every delivery, every customer relationship, and every strategic ambition rests. The transition to MDL ownership has been completed with zero loss of jobs, and our intention is to grow this workforce meaningfully as our order book and capabilities expand.

Safety performance remained strong during the period, reflecting the effectiveness of the yard's safety programs and practices. CDPLC retained its full certification suite: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018. Industrial relations remained harmonious throughout the period, reflecting the organization's commitment to constructive dialogue, mutual respect, and employee engagement.

OUTLOOK

CDPLC enters the new financial year in a materially stronger position than at any point in recent memory. The equity base is restored. The debt burden is substantially reduced. The order book is at a record level, with commitments extending into 2029. And we have a long-term strategic partner in MDL whose network, capital strength, and technical depth amplify our own.

Our forward priorities are clear: execute the Cable Laying Vessel programme with discipline and to schedule, deepen our ship repair revenue base with a particular focus on Indian public-sector customers, develop our operational presence with afloat repair across all ports and outer port limits to broaden our service reach, convert our operational excellence investments into sustainable margin improvement, and selectively pursue strategic growth opportunities in the region that align with our core capabilities and long-term positioning.

The foundation is in place. The direction is set. What remains is execution and that is our singular focus.

APPRECIATION

I extend my sincere appreciation to the Board of Directors for their guidance and strategic clarity through a period of fundamental change.

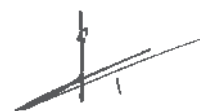
On behalf of all CDPLC employees, I extend our deep appreciation to Mazagon Dock Shipbuilders Limited for the trust they have placed in this Company, the capital and capabilities they have brought, and the long-term commitment that has already begun to make a tangible difference to our prospects.

I am grateful to our employees, whose dedication and technical expertise in difficult operating conditions have been extraordinary. My thanks also go to our customers for their continued confidence, to our banking partners for their constructive engagement, and to our subcontractors and suppliers for their partnership in delivery.

We are grateful to the Government of Sri Lanka and our regulatory institutions the Board of Investment, the Sri Lanka Ports Authority, the Securities and Exchange Commission, the Colombo Stock Exchange, the Sri Lanka Navy, and the Department of Customs for their continued support. We also record our appreciation to the diplomatic missions of both India and Japan for their invaluable assistance through the transition.

To Onomichi Dockyard Co., Ltd. of Japan, whose thirty-one-year association built the institutional culture and shipbuilding standards that define this Company, we part with gratitude and respect.

We look ahead to 2026/2027 with renewed confidence and a clear sense of purpose.



Eng. Thimira S. Godakumbura
Managing Director / Chief Executive Officer

Colombo Dockyard PLC
June 2026
Colombo, Sri Lanka

Board of Directors



Capt. Jagmohan, IN (Retd.)
Chairman (Non-Executive, Non-Independent)

Capt. Jagmohan joined the Board of Colombo Dockyard PLC on 24 February 2026 as a nominee of Mazagon Dock Shipbuilders Limited (MDL) and assumed the Position of Chairman with effect from 07th April 2026. He is also the Chairman & Managing Director of Mazagon Dock Shipbuilders Limited (MDL), India's premier shipbuilding and defence public sector undertaking.

A Naval Architect by profession, he graduated in Naval Architecture & Shipbuilding from Cochin University of Science & Technology and holds post graduate qualifications in Naval Construction and Ocean Engineering from IIT Delhi and IIT Kharagpur, respectively. He also undertook advanced academic research at RWTH

Aachen University, Germany. He served for 25 years in the Indian Navy, holding key appointments in the Warship Design Bureau and Naval Dockyard, Mumbai, and contributed extensively to the design, construction and refit of frontline warships, submarines and the Indigenous Aircraft Carrier programme. Prior to joining MDL, he served as Director (Corporate Planning, Projects & Business Development) and Director (Operations) at Goa Shipyard Ltd., where he drove major growth in shipbuilding, exports, indigenisation and strategic business development. He also served as Chief General Manager (Design) at Garden Reach Shipbuilders & Engineers Ltd., Kolkata where he led the design and execution of several complex warship programmes.



Thimira S. Godakumbura
Managing Director/CEO

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 and Ceylon Shipping Agency Pte Ltd. (Singapore).



Shri Biju George

Director (Non-Executive, Non-Independent)

Shri Biju George joined the Board of Colombo Dockyard PLC on 24 February 2026 as a nominee of Mazagon Dock Shipbuilders Limited (MDL). He currently serves as Director (Operations) of Mazagon Dock Shipbuilders Limited (MDL).

He holds a postgraduate degree in Ocean Engineering and Naval Architecture from the Indian Institute of Technology, Kharagpur and brings more than three decades of experience in shipbuilding, naval architecture and project execution.

Prior to his appointment as Director (Shipbuilding), he held several key positions within MDL, including Project Superintendent of the prestigious P17A Frigate Programme for the Indian Navy and Head of the Shipbuilding Design Department. Pursuant to internal reorganization, he has been redesignated as Director (Operations) and is responsible for end-to-end execution across shipbuilding, submarine, offshore and commercial projects at MDL.



Shri Ruchir Agrawal

Director (Non-Executive, Non-Independent)

Shri Ruchir Agrawal joined the Board of Colombo Dockyard PLC on 24 February 2026 as a nominee of Mazagon Dock Shipbuilders Limited (MDL). He currently serves as Director (Finance) of MDL and is a Fellow Member of the Institute of Cost Accountants of India and the Institute of Chartered Shipbrokers, London.

He possesses over 31 years of rich experience in Oil & Gas sector covering Corporate Finance, Treasury, International Trade, Business Development, R&D, Corporate Audit, and strategic management. At MDL, he has contributed significantly to financial governance, investment management, and strategic initiatives. He has been instrumental in the revision and implementation of the Company's

Investment Policy and actively driven cost optimisation and cost reduction initiatives through enhanced financial scrutiny, expenditure control measures, and process improvements. He is serving on various Board-level Committees, including CSR, SRC, RMC, NRC, and ACM.

Prior to joining MDL, he served as Executive Director (Finance) at Indian Oil Corporation Limited (IOCL). During his career, he has held key leadership positions across various functions and served on the Boards of several joint ventures and subsidiaries in India and abroad, providing strategic direction and governance oversight. He has also contributed to strategic initiatives relating to corporate restructuring and market capitalisation enhancement.

Board of Directors *contd.*



Vish Govindasamy

Director (Non-executive / Non-independent)

Mr. Govindasamy joined the Board of Colombo Dockyard PLC on 07th April 2026

Mr. Govindasamy serves as the Deputy Chairman of Sunshine Holdings PLC. He is a Non Executive Director of Sunshine Holdings PLC and Watawala Plantations PLC, and also holds Independent Non-Executive board positions at Softlogic Life Insurance PLC, Dialog Axiata PLC, United Motors Lanka PLC and Lanka Island Resort Ltd.

In addition, he is an appointed member of the Governing Board and the Monetary Policy Board of the Central

Bank of Sri Lanka, the Past Chairman of the Ceylon Chamber of Commerce, and a former Chairman of the Employers' Federation of Ceylon.

He holds a Master of Business Administration (MBA) and a Bachelor of Science (BSc) in Electrical Engineering from the University of Hartford, USA, and is a Fellow of the Institute of Certified Professional Managers, Sri Lanka.



S. Senth Nandhanan

Director (Non-executive / Non-independent)

Mr. S Senth Nandhanan joined the Board of Colombo Dockyard PLC on 07th April 2026

Mr. S. Senth Nandhanan is a distinguished corporate leader with over two decades of experience across the financial services, energy, FMCG, and investment sectors. Known for driving sustainable growth and optimizing supply chains, he specializes in strategic decision-making and corporate governance.

Mr. Nandhanan currently holds board positions as a Non-Executive, Non-Independent Director at Amana Bank PLC and Sarvodaya Development

Finance PLC. Simultaneously, he leads operations as an Executive Director at Senthilverl Holdings (Pvt) Ltd and as CEO of Dollar Corporation.

A former Director at Panasian Power PLC (2017-2021), Mr. Nandhanan holds an MBA from the University of Southern Queensland, Australia, and is a Member of the Association of Business Executives.



Chaminda Gunasinghe

Director (Non-executive/Non-independent)

Mr. Gunasinghe joined the Board of Colombo Dockyard PLC on 01st October 2025

MBA-Finance (Colombo), B.B.Mgt. (Accountancy) Sp. (Hons), FCA, ACCA, ACMA, CERT (UK)

Mr. Chaminda Gunasinghe is a distinguished Finance, taxation, audit, Administration, Human Resources professional with over 26 years of experience in Banking, Finance and Insurance sectors. He joined SLIC in 2007 as an Accountant and served in many positions and capacities in finance and contributed in implementing new International Financial Reporting Standards convergence in 2012 with the industry, Insurance Regulator of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. He was also contributed to implement new tax scheme for Life insurance business in 2018 with the Insurance Regulator of Sri Lanka, Inland Revenue and Ministry of Finance officials where he serves as Chairman of Tax Committee of the Insurance Association of Sri Lanka under Finance Technical Sub-Committee of the Insurance Association of Sri Lanka. He took up the position of Internal Auditor in 2018 and served as Deputy General Manager Internal Audit until 2020. Thereafter where he assumed duties as Deputy General Manager Administration.

After the segregation of the Sri Lanka Insurance Corporation Ltd to Life and General in 2024, he was re-designated as Deputy General Manager Support Services and was entrusted with areas of Legal, Human Resources and Administration of Sri Lanka Insurance Corporation General Ltd. Currently he is serving as Chief Internal Auditor. He is also serving as Director cum Managing Director of Sri Lanka Insurance Corporation Limited Maldives Branch Office

Mr. Gunasinghe is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, Member of the Association of Chartered Certified Accountants (UK) and obtained CERT-CII qualification from the Chartered Insurance Institute (UK). He holds as Bachelor of Business Management (Accountancy) spl Hons degree from the University of Kelaniya and in addition he has obtained a MBA in Finance from the University of Colombo.

In addition to the above, he served as a Nonexecutive Directorship in both Ceylon Asset Management Ltd and CAL Investments Ltd. Presently he is a member of the Audit Committee of Canowin Hotels and Spas (Pvt) Ltd, which is a wholly owned subsidiary of Sri Lanka Insurance Corporation Ltd.

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Board of Directors *contd.*



Chatura Wickramatileka

**Director (Non executive/
Independent)**

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 Price Water house Coopers 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



Chanaka Jayamaha

Director (Non-executive/Independent)

Appointed to CDPLC Board on 6th March 2024. Mr. Jayamaha counts over 2 decades 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 (L.L.B) from the University of London with Second Class Honours, a Masters Degree in Law (L.L.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.



Dilrukshi Kurukulasuriya

Director (Non-executive / Independent)

Appointed to the CDPLC Board on 19th May 2026

Ms. Dilrukshi Kurukulasuriya is the Executive Director and Chief Human Resources Officer of DIMO PLC. A qualified Attorney-at-Law, she also holds an Executive MBA from the University of West London and has completed specialized training in gender studies through the ILO's International Training Centre in Turin.

She brings over 25 years of diverse experience in human capital development, having worked across industries and organizational structures. Since joining DIMO in 2008, she has played a pivotal role in elevating the

company's HR practices, leading to sustained recognition for excellence in workplace culture, employee engagement, and gender equity.

She was the first woman appointed to the Board of Directors at DIMO and continues to focus on inclusive talent development, particularly through vocational pathways and initiatives to increase women's participation in the workforce. Her contributions have been acknowledged both locally and internationally.

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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 and Ceylon Shipping Agency Pte Ltd. (Singapore).



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.



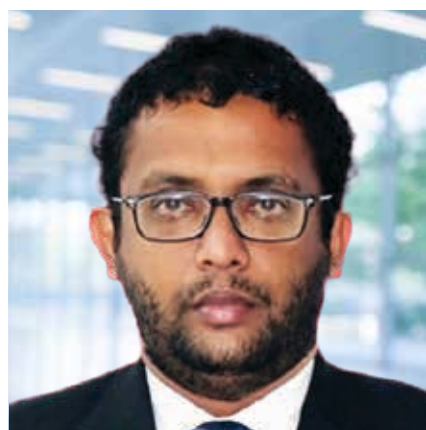
R. M. Vajira Rathnayake

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.



P. D. Gihan Ravinatha

General Manager (Finance) / Chief Financial Officer

FCA, ACCA, CIM (UK), MBA (PIM - USJ)

Mr P D Gihan Ravinatha has over 22 years experience in the fields of Finance, audit, taxation and treasury management and he has served nearly 15 years at Colombo Dockyard PLC. Mr Ravinatha currently holds the position of General Manager (Finance) / Chief Financial Officer of Colombo Dockyard PLC (CDPLC). Prior to joining CDPLC in 2011, he was an Audit Partner at Dayananda Samarawickrema & Co. Mr Ravinatha is a fellow member of Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and member of Association of Chartered Certified Accountants (UK). Also, he is a member

of the Chartered Institute of Marketing (UK) and Obtained Masters Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayewardenepura

.He holds directorship of Dockyard General Engineering (Pvt) Ltd, Dockyard Total Solutions (Pvt) Ltd, Ceylon Shipping Agency (pte) Ltd (Singapore) which are the three subsidiaries of Colombo Dockyard PLC.

Corporate Management Team *contd.*



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 Manger (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.



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

B.Sc. Eng (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



S.H.P.K. Ranatunga

General Manager (Ship Repair Business)

B.Sc. Eng. (UoM), MBA (University of Colombo)

Mr. Ranatunga got his first degree in the field of Mechanical Engineering from the University of Moratuwa in 1999. He started his career at Colombo Dockyard PLC. as Trainee engineer in Ship Building in 2000, and moved to Commercial Division in Ship Repair sector in 2002.

He got his MBA from the University of Colombo in 2013. He has successfully completed number of diversified Training programs in Safety, Quality Systems and Auditing, Project Management, Commercial Arbitration and contributed to the organization in developing and conserving in respective segments. During his career at CDPLC over

20 years, he has held positions and served as Asst. Business Manager (Invoicing), Asst. General Manager (Ship Repair Business), and his new position as General Manager (Ship Repair Business).



Manori Mallikarachchi

Legal Consultant/Company Secretary

Attorney at - Law & Notary Public

Joined CDPLC in 1996. Has over 29 years of experience at CDPLC in the field of Legal, Secretarial & Compliance.

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Corporate Management Team *contd.*



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.

N. M. K. B. Nayakarathne

Managing Director/CEO

(Dockyard General Engineering Service (pvt)Ltd)
B.Sc. Eng.(Hon)



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.

M. Rohan De Silva

General Manager

(Dockyard Total Solutions (Pvt) Ltd)
MBA University of India. Dip,
MA(CIMA), MABE (UK), MCPM







Management Discussion And Analysis

1. Introduction

Colombo Dockyard PLC (CDPLC) is Sri Lanka's premier shipbuilding, ship repair, and heavy engineering facility, strategically located within the Port of Colombo—one of South Asia's key maritime hubs positioned along major international shipping routes. Leveraging decades of engineering expertise, technical capability, and maritime industry experience, the Company continues to play a significant role in supporting regional and global maritime trade and marine infrastructure development.

The Company's core business operations encompass ship repair, shipbuilding, heavy engineering, offshore and marine engineering solutions, and related technical services catering to a diverse international clientele across the maritime transportation, logistics, energy, offshore, and industrial sectors. CDPLC operates four graving dry docks with a maximum handling capacity of 125,000 DWT, supported by extensive workshop facilities, advanced engineering capabilities, and a skilled workforce.

During the year under review, Colombo Dockyard entered a significant new phase in its corporate journey through the change in its majority shareholding structure. Mazagon Dock Shipbuilders Limited (MDL), India's leading public sector shipbuilding company, acquired a controlling stake in CDPLC, marking a strategic milestone in strengthening the Company's long-term growth potential, regional collaboration, technical capabilities, and international market access. This transition represents an important development in enhancing Colombo Dockyard's position within the regional maritime and shipbuilding industry.

The year also witnessed increasing emphasis on global maritime regulatory compliance and sustainability-related requirements across the shipping industry. Evolving international environmental regulations, decarbonization initiatives, energy efficiency standards, ballast water management requirements, and digital transformation trends continued to influence customer requirements and operational priorities within the global maritime sector. In response, CDPLC continued to strengthen its technical competencies, operational excellence initiatives, quality standards, and sustainability-focused engineering solutions.

Building on a legacy spanning more than three decades, Colombo Dockyard remains committed to operational excellence, innovation, workforce development, and long-term value creation. Supported by its strategic location, engineering expertise, international partnerships, and expanding project portfolio, the Company continues to reinforce its position as a trusted maritime engineering partner in the region and beyond.

2. Global Economy and Ship Repair sector outlook

► Macroeconomic Environment

The global economy in 2025 demonstrated moderate but uneven growth amid persistent inflationary pressures, evolving monetary policies, and continuing geopolitical uncertainties. While major economies experienced gradual stabilization following the disruptions of previous years, global trade and industrial activity remained resilient, supported by recovering supply chains, increased infrastructure investments, and continued maritime trade demand.

Maritime transport continues to play a critical role in the global economy, carrying more than 80% of global trade volumes. As international trade flows expanded and global fleet utilization remained strong, demand for ship maintenance, repair, and overhaul (MRO) services continued to increase. During the period under review the global ship repair and maintenance market was estimated at approximately USD 35–37 billion, reflecting steady growth driven by expanding fleet sizes, aging vessels, and increasingly stringent regulatory requirements.



Source: Mordor Intelligence Research & Advisory. (2026, February). Boat And Ship MRO Market Size & Share Analysis - Growth Trends and Forecast (2026 - 2031). Mordor Intelligence. Retrieved March 17, 2026, from <https://www.mordorintelligence.com/industry-reports/boat-and-ship-mro-market>

The ship repair industry remains an essential component of the maritime value chain, supporting vessel safety, operational efficiency, regulatory compliance, and asset life extension. Rather than replacing vessels through new builds alone, many shipowners increasingly prefer scheduled maintenance, retrofitting, and refurbishment solutions to optimize operational costs and extend vessel lifecycles.



Source: Global Ship Repair and Maintenance Services Market. Retrieved from <https://www.maximizemarketresearch.com/market-report/global-ship-repair-and-maintenance-services-market/104905/>

Ship repair activities continue to be concentrated within major maritime regions possessing advanced infrastructure and technical expertise. China remains the world's largest ship repair hub, while Singapore continues to maintain its position as a leading center for ship repair, offshore engineering, and marine services. South Korea has strengthened its specialization in technologically advanced vessel repairs, particularly for LNG carriers and specialized vessels, while India continues to emerge as an increasingly important regional repair destination supported by investments in maritime infrastructure and port-based repair facilities.

Despite favorable long-term industry fundamentals, the sector continues to face challenges relating to skilled labor shortages, fluctuations in steel and material costs, competitive pricing pressures, and increasing environmental compliance costs. These factors continue to influence operational planning, cost structures, and investment decisions across the global ship repair industry.

► Geopolitical Influences

Global geopolitical developments continued to shape international trade patterns and maritime activity during 2025. Ongoing regional conflicts, strategic competition among major economies, supply chain realignments, and evolving trade policies contributed to continued uncertainty across global markets. These developments influenced freight flows, shipping routes, fuel costs, and overall maritime sector dynamics.

At the same time, the strategic importance of the Indian Ocean region continued to increase due to its role in facilitating major east-west shipping routes. Sri Lanka's geographic location along these critical maritime corridors continued to position Colombo as an important regional transshipment and marine services hub.

Within this context, Colombo Dockyard PLC entered a significant new phase through the acquisition of a controlling stake by Mazagon Dock Shipbuilders Limited (MDL), India's leading public

sector shipbuilding enterprise. This strategic transition is expected to enhance regional collaboration, strengthen technical and operational synergies, and improve the Company's access to international maritime markets and future business opportunities.

► Freight Market Performance

Global freight markets remained relatively stable during 2025 despite ongoing volatility arising from geopolitical tensions, fuel price fluctuations, and changing trade dynamics. Container shipping activity remained resilient, supported by steady consumer demand, recovering industrial production, and continued growth in Asian trade volumes. Tanker and bulk carrier segments also maintained stable operational activity due to sustained energy demand and commodity movements.

As vessel utilization remained high across several shipping segments, demand for scheduled dry docking, repair, retrofit, and maintenance services continued to support global shipyard activity. Tankers, container carriers, bulk carriers, cable laying vessels, and offshore support vessels remained among the key contributors to repair demand globally.

The increasing age profile of portions of the global fleet further contributed to demand for maintenance and life-extension projects, while vessel operators continued to prioritize operational efficiency, regulatory compliance, and fuel optimization initiatives.

Management Discussion And Analysis contd.

► Environmental Sustainability and Regulatory Framework

Environmental sustainability and regulatory compliance remained among the most significant drivers shaping the global maritime industry during 2025. International Maritime Organization (IMO) regulations relating to greenhouse gas emissions, energy efficiency, ballast water management, and vessel decarbonization continued to accelerate demand for retrofit and upgrade solutions within the global ship repair sector.

Shipowners increasingly invested in energy efficiency improvements, ballast water treatment systems, exhaust gas cleaning systems, fuel optimization technologies, and environmentally sustainable operational upgrades to ensure compliance with evolving international standards. These developments created additional opportunities for shipyards specializing in retrofit engineering, modernization projects, and environmentally compliant repair solutions.

The maritime industry's long-term transition toward decarbonization also continued to influence investment priorities, vessel designs, and operational strategies globally. Increasing focus on green shipping practices, alternative fuels, and sustainable maritime infrastructure is expected to further transform the ship repair and shipbuilding industries in the years ahead.

► Industry Challenges

Despite its steady growth, the ship repair industry faces several challenges. One key issue is the shortage of skilled labor, as ship repair work requires experienced engineers, technicians, and marine specialists.

Another challenge is the fluctuation of steel and material costs, which can affect the overall cost of repair projects. Additionally, shipyards must invest in environmental protection measures to comply with regulations related to waste management and emissions.

The industry is also highly competitive, with shipyards in different regions competing for repair contracts based on price, turnaround time, and service quality.

► Future Trends

The ship repair industry is expected to evolve as new technologies and environmental requirements reshape the maritime sector. One major trend is the increasing demand for green retrofits and decarbonization projects, as shipowners seek to reduce emissions and improve fuel efficiency.

Another emerging trend is the use of digital maintenance systems, which allow ship operators to monitor vessel performance and predict maintenance needs more accurately.

Additionally, the development of autonomous and smart ship technologies may influence future repair requirements, requiring shipyards to develop new technical capabilities.

► Digital Transformation and Technological Progress

Technological advancement and digital transformation continued to reshape the global maritime and ship repair industries during 2025. Shipping companies and shipyards increasingly adopted digital monitoring systems, predictive maintenance technologies, automation tools, and data-driven operational platforms to improve efficiency, safety, and asset performance.

The growing use of smart vessel technologies, remote diagnostics, condition-based maintenance systems, and integrated operational analytics continued to influence repair requirements and technical service expectations across the industry.

Moreover, shipyards globally continued investing in advanced engineering capabilities, automation technologies, operational excellence frameworks, and digital process integration to improve productivity, turnaround times, quality standards, and cost efficiency.

Colombo Dockyard PLC continued to strengthen its own operational excellence initiatives, Lean Six Sigma implementation, digital systems integration, and engineering capabilities during the year to align with evolving industry expectations and maintain competitiveness within the regional and global maritime sectors

3. Overview of Sri Lanka's Economic Environment

► Inflationary Trends

Sri Lanka's economic environment demonstrated gradual stabilization during 2025 following the severe macroeconomic disruptions experienced in previous years. Inflationary pressures moderated significantly compared to the elevated levels witnessed during the economic crisis period, supported by tighter monetary policy measures, improved fiscal discipline, exchange rate stabilization, and recovery in foreign currency inflows.

Lower inflation contributed to improved business confidence, easing cost pressures across several sectors, including manufacturing, logistics, construction, and maritime-related operations. Nevertheless, businesses

continued to operate cautiously due to lingering global uncertainties, utility cost pressures, and fluctuations in imported material prices.

► Interest Rate Movements

Interest rates in Sri Lanka showed a declining trend during the period under review as macroeconomic conditions gradually stabilized and inflation moderated. The easing monetary environment supported improved liquidity conditions within the banking sector and contributed to lower financing costs for businesses compared to previous years.

The gradual reduction in interest rates supported investment activity and improved financial market sentiment, although overall borrowing conditions remained relatively cautious due to broader economic recovery considerations and ongoing fiscal adjustments.

► Exchange Rate Fluctuations

The Sri Lankan Rupee demonstrated comparatively greater stability during 2025 following the significant volatility experienced during earlier periods of economic stress. Improved foreign exchange inflows from tourism, remittances, exports, and external financial support contributed to stabilizing the exchange rate environment.

For export-oriented companies such as Colombo Dockyard PLC, exchange rate stability remained important in managing imported material costs, project pricing, foreign currency obligations, and overall operational planning. As the Company continues to generate substantial foreign currency earnings through international ship repair, shipbuilding, and engineering activities, exchange rate movements remain a key consideration within the operating environment

4. Business Strategy and Approach

Operating within a dynamic and increasingly complex global maritime environment, Colombo Dockyard PLC (CDPLC) continues to pursue a resilient and forward-looking business strategy focused on sustainable growth, operational excellence, and long-term value creation. The Company's strategic direction is shaped by evolving global trade patterns, geopolitical developments, regulatory transformation, technological advancement, and the changing demands of the international shipping industry.

During the period under review, CDPLC entered a significant new chapter in its corporate journey following the acquisition of a controlling stake by Mazagon Dock Shipbuilders Limited (MDL), India's premier public sector shipbuilding company. This strategic transition positions Colombo Dockyard to strengthen regional collaboration, expand technical and operational capabilities, and unlock new opportunities across the shipbuilding, ship repair, heavy engineering, and maritime infrastructure sectors.

Against a backdrop of fluctuating freight markets, rising compliance requirements, supply chain disruptions, and foreign exchange volatility, CDPLC remains committed to maintaining its position as a leading maritime engineering and ship repair hub in South Asia. The Company continues to leverage its strategic geographic location along key international shipping routes, together with its strong engineering expertise, experienced workforce, and established reputation for quality and reliability.

Our business strategy is centered on creating sustainable competitive advantage through disciplined execution, continuous improvement, and customer-centric innovation. By integrating operational efficiency with technological advancement and prudent risk management, CDPLC aims to enhance resilience while capturing emerging opportunities within the evolving global maritime sector.

The Company's strategic focus continues to emphasize the diversification of revenue streams across ship repair, shipbuilding, heavy engineering, offshore and marine engineering solutions, while strengthening relationships with international clients and regional maritime stakeholders. Continuous investments in technical capability development, process optimization, digitalization, and workforce competencies remain central to enhancing productivity, improving turnaround times, and delivering superior customer value.

Environmental sustainability and regulatory compliance also remain key strategic priorities. As the maritime industry accelerates its transition toward greener operations and decarbonization, CDPLC continues to strengthen its capabilities in environmentally compliant repairs, retrofits, energy-efficient engineering solutions, and sustainable operational practices. The Company is committed to aligning its operations with evolving international maritime standards and customer expectations relating to environmental performance and responsible business conduct.

Over the past three decades, Colombo Dockyard has built a strong legacy within the regional maritime industry,

Management Discussion And Analysis contd.

successfully delivering complex shipbuilding projects and specialized repair solutions to a diverse international clientele. This established foundation, combined with strengthened strategic partnerships and evolving technical capabilities, positions the Company to pursue future growth opportunities with confidence.

As we move forward, CDPLC remains committed to the below:

- ▶ Strengthening its position as a leading regional hub for ship repair, shipbuilding, and maritime engineering solutions
- ▶ Enhancing operational efficiency, productivity, and cost competitiveness through continuous improvement initiatives
- ▶ Expanding technical capabilities and engineering excellence to address evolving industry requirements
- ▶ Leveraging strategic partnerships and regional synergies to access new markets and business opportunities
- ▶ Investing in workforce development, technical training, and knowledge transfer to build long-term organizational capability
- ▶ Advancing digital transformation and technology adoption to improve operational performance and customer service delivery
- ▶ Supporting environmental sustainability through responsible operations and environmentally compliant maritime solutions
- ▶ Maintaining strong governance, risk management, and financial discipline to ensure long-term resilience and stakeholder value creation
- ▶ This integrated strategic approach enables Colombo Dockyard PLC to remain agile, competitive, and future-ready while continuing to strengthen its role as a trusted maritime solutions provider within the Indian Ocean region and beyond.

5. Growth Initiatives and Risk Management Framework

- ▶ **Governance and Accountability for Risk Management**
Risk governance at CDPLC is overseen by the Board of Directors, supported by the Audit Committee and the senior management team. Strategic oversight ensures that risk management remains embedded within the Company’s decision-making processes, operational planning, and performance management systems.

The General Management team is responsible for the day-to-day implementation of risk management practices, including

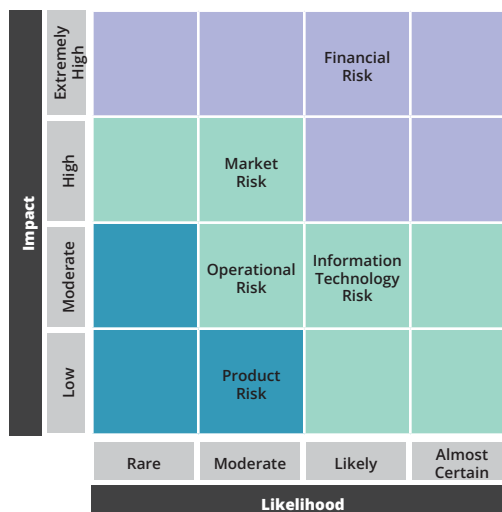
the identification of emerging risks, evaluation of risk exposure, and execution of mitigation strategies. Each operational division maintains a structured risk register aligned with the Company’s Quality Management System, which is periodically reviewed and updated through internal audits, management reviews, and continuous feedback mechanisms.

The Company also continues to strengthen accountability through employee awareness programmes, structured reporting mechanisms, and management-level training aligned with ISO 45001:2018 occupational health and safety standard

▶ Risk Awareness and Evaluation

CDPLC promotes a strong risk-aware culture across all levels of the organization, recognizing that the nature of shipbuilding, ship repair, and heavy engineering operations involves inherent operational and safety-related risks. Employees are encouraged to proactively identify and report potential risks, while management emphasizes transparency, communication, and timely escalation procedures.

The Company applies both qualitative and quantitative risk assessment methodologies to evaluate risk likelihood and impact. Risks are prioritized through structured evaluation matrices and assessed against the Company’s defined risk appetite, enabling management to allocate resources effectively and implement appropriate control measures.



| | |
|----------|------------|
| Impact | Likelihood |
| Low | Rare |
| Moderate | Moderate |
| High | Likely |

Continuous monitoring, periodic assessments, internal audits, and management reviews support the effectiveness of the Company's risk mitigation processes and strengthen operational resilience across business function.

► Risk Environment

The Company operates within an evolving global maritime environment influenced by economic fluctuations, geopolitical developments, supply chain constraints, regulatory transformation, technological disruption, and increasing environmental compliance expectations. These external dynamics continue to shape the operational and strategic risk environment for CDPLC.

Internally, the Company manages risks associated with complex engineering operations, workforce management, occupational safety, environmental compliance, and digital infrastructure reliability. Externally, CDPLC remains exposed to market competition, foreign exchange volatility, financing pressures, changing customer expectations, and rapid technological advancement within the maritime sector.

Through continuous risk monitoring and adaptive business strategies, the Company remains focused on strengthening operational agility, preserving business continuity, and maintaining sustainable long-term growth.

- Internal Risk Factors (Operational Risks, Workforce Risks, Occupational Health & Safety Risks, Environmental Risks, Information Technology Risks)

Operational Risks

As a capital-intensive engineering and maritime services provider, CDPLC faces operational risks arising from process failures, system inefficiencies, project execution challenges, and operational disruptions. Such risks could impact productivity, profitability, service delivery timelines, and customer satisfaction.

To mitigate these risks, the Company maintains ISO 9001:2015-certified quality management systems, standardized operating procedures, structured maintenance practices, continuous process improvement initiatives, and independent internal audit mechanisms. Emergency preparedness protocols, fire safety systems, and operational monitoring processes further strengthen operational resilience

Workforce Risks

The Company's operations depend heavily on the availability of skilled technical personnel and a stable industrial relations environment. Workforce-related risks include labour shortages, succession challenges, industrial actions, and skill gaps within specialized maritime engineering disciplines.

CDPLC continues to address these risks through employee engagement initiatives, structured grievance resolution mechanisms, consultative committees, technical training programmes, leadership development, and succession planning efforts. The Company also remains focused on fostering a collaborative and inclusive workplace culture that supports employee wellbeing and long-term workforce sustainability.

Occupational Health & Safety Risks

Shipbuilding and ship repair operations inherently involve significant occupational health and safety risks due to heavy engineering activities, confined space operations, lifting activities, and exposure to hazardous environments.

CDPLC maintains ISO 45001:2018 certification and continues to prioritize employee safety through regular health and safety training, safety audits, risk assessments, emergency preparedness drills, and continuous monitoring of workplace safety practices. The Company remains committed to strengthening its safety culture while minimizing workplace incidents and operational interruptions.

Environmental Risks

Environmental risks associated with emissions, waste disposal, effluent management, and marine-related operational activities continue to receive significant management attention. Non-compliance with environmental regulations could result in legal liabilities, reputational damage, and operational disruptions.

To manage these risks, CDPLC maintains ISO 14001:2015 Environmental Management System certification and implements comprehensive environmental monitoring, emissions testing, waste management practices, and compliance programmes aligned with national and international environmental standards.

Information Technology Risks

The Company's increasing reliance on digital systems and operational technologies exposes it to risks related to cybersecurity, system failures, data loss, and operational disruptions.

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Risk mitigation measures include structured backup procedures, disaster recovery protocols, periodic business continuity assessments, and the implementation of a long-term ICT strategic roadmap designed to strengthen system reliability, operational security, and information management capabilities.

External Risks (Market Risks, Financial Risks, Product and Technological Risks)

Market Risks

CDPLC operates within a highly competitive global maritime industry influenced by changing freight markets, regional competition, geopolitical instability, and fluctuations in customer demand.

The Company mitigates market risks through strategic diversification, targeted expansion into niche maritime segments, geographic market expansion, and the strengthening of long-term customer relationships. Its strategic location within the Indian Ocean region and established technical reputation continue to support market competitiveness.

Financial Risks

The Company remains exposed to financial risks arising from foreign exchange fluctuations, interest rate volatility, liquidity pressures, and customer credit exposures.

Risk mitigation strategies include prudent treasury management, continuous cash flow monitoring, maintenance of committed banking facilities, disciplined working capital management, currency hedging practices, negotiated financing arrangements, and rigorous customer credit assessment procedures. These

measures support financial stability and operational continuity amidst volatile market conditions.

Product and Technological Risks

Rapid technological evolution within the maritime sector, together with increasingly stringent international classification and regulatory requirements, presents both operational and strategic challenges.

CDPLC continues to mitigate these risks through adherence to internationally recognized quality standards and certifications, including DNV, ABS, and BV classifications, while investing in technical capability enhancement, innovation, engineering expertise, and workforce development to remain aligned with evolving industry requirements

Strategic Risk Mitigation Highlights

During the year under review, CDPLC continued to strengthen its operational resilience and long-term strategic positioning through several key initiatives, including:

- ▶ Advancing regional operational expansion through the development of new repair and engineering capabilities
- ▶ Enhancing technical capacity to accommodate larger and more complex vessels and engineering projects
- ▶ Strengthening diversification efforts through specialized shipbuilding projects targeting niche maritime segments
- ▶ Continuing investments in employee capability development, operational efficiency, and technology integration

- ▶ Reinforcing environmental compliance, occupational safety standards, and business continuity preparedness
- ▶ Strengthening strategic partnerships and regional collaboration opportunities following the transition in shareholding structure

These initiatives reflect CDPLC's ongoing commitment to building a resilient, adaptive, and future-ready organization capable of navigating evolving industry risks while capitalizing on emerging opportunities.

SHIP REPAIR SECTOR PERFORMANCE DURING THE PERIOD UNDER REVIEW

The Ship Repair sector recorded a relatively stable performance during 2025, delivering results that remained broadly aligned with planned targets despite challenging market conditions and operational uncertainties experienced during the year. Revenue generation was largely in line with annual expectations, reflecting the sector's ability to sustain a consistent workflow and maintain operational continuity throughout the period. Dock utilization levels remained strong, with dock occupancy reaching approximately 97.7%, even after taking into consideration disruptions arising from adverse weather conditions. This high level of occupancy demonstrates the continued demand for dry docking services as well as the effective utilization and scheduling of available dock capacity.

During the year under review, the sector successfully completed a total of 166 ship repair projects, representing a marginal decline compared to the higher project volumes recorded during 2023 and 2024. Afloat repair activities also

experienced a moderate reduction, with 90 afloat repair projects completed during 2025, remaining below the 100-project threshold achieved during the previous two years. This decline reflected prevailing market fluctuations together with operational factors that affected the inflow of repair-related work during the year. Nevertheless, afloat repair operations continued to account for a significant component of the sector's overall activities.

Container carriers continued to represent the largest share of afloat repair projects undertaken during the year, followed by tankers and bulk carriers. This vessel distribution remains consistent with Sri Lanka's strategic role as a regional maritime and transshipment hub, particularly through the Port of Colombo, which handles substantial container traffic within the region. Colombo accounted for the majority of afloat repair projects, with 63 projects completed during the year, while Hambantota handled 21 projects. The balance of the projects was carried out in Trincomalee and Galle, reflecting the geographical spread of repair operations across multiple ports in Sri Lanka.

Within the dry dock repair segment, tankers represented the largest vessel category serviced during the year, highlighting the continued demand from tanker operators for scheduled maintenance, regulatory docking, and repair services. One of the notable developments during the year was the continuation and further expansion of the Company's working relationship

with LD Amateurs (LDA), the cable laying vessel manager associated with Optic Marine Malaysia and Alcatel Submarine Networks France. Following the successful completion of projects towards the latter part of 2024, the Company continued to be entrusted with the maintenance and repair of LDA-managed vessels. During 2025, this collaboration expanded further with additional vessels, including Ile De Ré, Teneo, and Ile d'Aix, being assigned to Colombo Dockyard for repair and maintenance activities. This ongoing partnership reflects the sustained confidence placed by specialized vessel operators in Colombo Dockyard's technical expertise, operational capabilities, and service reliability.



Figure 1 Cable Repair vessel Teneo in drydock while Cable Laying Ship Ile De Re is ready to sail out after successful drydock repair



Figure 2 M.T. Pacific Cobalt a Tanker from Eastern Pacific Shipping Singapore in drydock while M.T. Sanmar Sloka from Sanmar Shipping India to be drydocked

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Figure 3 M.V. Courtesy K, undergoing bow damage repairs while afloat at Hambantota

GLOBAL & LOCAL MARKET STATUS OF SHIPBUILDING

The global shipbuilding market is projected to expand by approximately USD 26.1 billion between 2024 and 2029, representing a compound annual growth rate (CAGR) of 4.4%. This anticipated growth is primarily supported by increasing seaborne trade volumes and sustained global demand for new vessels. Simultaneously, the maritime industry is witnessing a significant shift toward environmentally sustainable and energy-efficient vessels, which continues to shape the future direction of the global shipbuilding sector.

Despite these positive market trends, volatility in raw material prices remains a significant industry challenge, as fluctuations in steel and other key input costs can materially impact production economics, profitability, and project execution. In parallel, ongoing technological advancements across the shipping industry are transforming shipbuilding processes

Table 01- Afloat and Drydock Repairs

| | | 2024 | 2025.01.01 to 2026.03.31 |
|-----------|-----------------|------------|--------------------------|
| Afloat | No. of Projects | 112 | 112 |
| | DWT | 5,480,449 | 5,311,492 |
| | GRT | 4,663,397 | 3,927,537 |
| | Revenue (USD) | 6,156,347 | 4,528,341 |
| Dry Docks | No. of Projects | 73 | 90 |
| | DWT | 1,370,981 | 1,375,973 |
| | GRT | 908,580 | 882,563 |
| | Revenue (USD) | 39,837,199 | 52,336,419 |
| Total | No. of Projects | 185 | 202 |
| | DWT | 6,851,431 | 6,687,464 |
| | GRT | 5,571,977 | 4,810,100 |
| | Revenue (USD) | 45,993,547 | 56,864,761 |

and enhancing operational efficiency. To mitigate cost-related risks, shipyards are increasingly exploring alternative materials, optimizing procurement strategies, and strengthening supply chain diversification initiatives.

Overall, the outlook for the global shipbuilding industry remains positive, supported by resilient global trade activity, continuous innovation, and the increasing worldwide demand for efficient, technologically advanced, and environmentally sustainable shipping solutions.

Technological advancement and continuous modernization remain key growth drivers within the shipbuilding market, particularly through the increasing focus on fuel efficiency improvements and the adoption of multi-fuel engine technologies. Shipping companies are progressively investing in modern fleet renewal programmes to support growing international trade requirements while ensuring compliance with evolving international

maritime regulations. Furthermore, the aging global vessel fleet continues to influence market dynamics, generating substantial replacement demand and creating significant opportunities for shipyards worldwide.

Within the Cable Laying Vessel (CLV) segment, where the Company is strategically positioning itself for future growth and market leadership, these vessels represent highly specialized maritime assets designed for the installation of subsea cables beneath the seabed. Cable laying vessels play a critical role in supporting offshore wind farms, cross-border and island power transmission networks, offshore oil and gas infrastructure, and global telecommunications connectivity.

The growing global demand for reliable power transmission infrastructure, together with the accelerated development of offshore renewable energy projects, continues to drive demand within the cable laying vessel market. As global energy transition

initiatives expand, the sector is expected to experience sustained long-term growth.

The global cable-laying vessel market is currently undergoing significant expansion and is projected to grow by approximately USD 1 billion, recording a compound annual growth rate (CAGR) ranging between 5.1% and 9.8% during the period from 2029 to 2033. This growth trajectory is largely driven by the rapid expansion of offshore wind energy developments and increasing investment in subsea data cable infrastructure worldwide.

Valued at approximately USD 1.5 billion in 2025, the market is progressively transitioning toward larger and technologically advanced hybrid vessels. These next-generation vessels are specifically designed to support high-voltage direct current (HVDC) systems and facilitate long-distance and deep-water transmission projects, both of which are becoming increasingly critical to the global energy transition and expanding digital connectivity requirements.

One of the primary drivers of growth within the cable-laying vessel market is the rapid expansion of offshore wind farm developments, which require highly specialized vessels for the installation of both inter-array and export cable systems.

In addition, increasing global demand for digital connectivity continues to accelerate investment in submarine data cable infrastructure. This trend is driving demand for advanced cable-laying vessels equipped with hybrid propulsion systems and innovative operational technologies. At the same time, growing industry interest is being observed in

hybrid vessels that combine construction and cable installation capabilities, thereby enhancing operational efficiency and project flexibility.

Europe and the Asia-Pacific region continue to represent key growth markets, supported by extensive offshore renewable energy developments and ongoing investments in maritime and energy infrastructure expansion.

Given the emerging shortage of suitable specialized vessels within the global market, there is a clear impetus for additional newbuild orders within this segment. The Company intends to capitalize on these opportunities by leveraging its technical expertise, industry experience, engineering capabilities, and proven project execution track record.

However, conditions within the Sri Lankan domestic market continued to remain relatively subdued, as the country is still in the process of recovering from the aftermath of the recent economic and financial crisis. As the Company's primary strategic focus remains the generation of foreign exchange earnings for the Sri Lankan economy, a significant portion of its business strategy continues to be directed toward international markets, thereby supporting the National Export Strategy of Sri Lanka and contributing toward the country's broader maritime development ambitions.

NC Sector Achievement Performance during the period under Review

The year 2025 marked a highly successful period for the Shipbuilding Division, with the delivery of three vessels during the calendar year. Many of the challenges experienced in previous years were no longer present, enabling the Company to execute its operational plans efficiently and without unforeseen disruptions. Following these deliveries, the Misje vessel series is now approaching completion, with nine out of the ten vessels under the order having been successfully delivered.

The Company delivered Misje's 7th vessel Yard No. NC/259 (Misje Iris) on 07-04-2025, Misje's 8th vessel Yard No. NC/260 (Misje Lily) on 01-08-2025.



Photo: Misje Iris during Delivery

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Photo: Misje Lily during Delivery

Misje 8th vessel Yard No. NC/260 (Misje Lily) was Launched on 30th April 2025 and delivered on 1st August 2025.



Photo: Misje Lily during Launching

Misje's 9th vessel Yard No. NC261 (Misje Sakura) was Launched on 10th September 2025 and delivered on 27th November 2025.



Photo: Misje Sakura during Launching



Photo: Misje Sakura during Delivery

Also the 10th Vessel NC/262 (Misje Kandy) the Keel Lay was laid on 07th April 2025 and it was launched on 28th December 2025.



Photo: Misje Kandy during Launching

The Misje Kandy is scheduled for delivery in the first quarter of 2026.

New Ship Building Orders

The Company also achieved a historic milestone during 2025 by securing an order for the construction of two Cable Laying Vessels for Orange Marine, a France-based company. This contract

represents the largest shipbuilding project ever secured in the Company's history. The two vessels are scheduled for delivery in 2028 and 2029.



(3 D rendering of the GRVs signed to be built by Colombo Dockyard to Orange Marine)

It is noteworthy that the Company previously demonstrated its capabilities in this specialized segment through the successful construction and delivery of the 113m Cable Laying Vessel KDDI Cable Infinity to Japan in 2019, followed by the 100m Cable Laying and Repair Vessel Sophie Germain to France in 2023.

With the addition of this latest order, the Company continues to strengthen and establish its reputation as a reputed, reliable, and trusted shipbuilder within the global cable laying and repair vessel segment.

GLOBAL & LOCAL MARKET STATUS OF HEAVY ENGINEERING SECTOR

The global heavy engineering market continues to demonstrate stable growth, supported by ongoing urbanization, population growth, and increasing investments in infrastructure and industrial development. The sector is expected to maintain a steady Compound Annual Growth Rate (CAGR) of approximately 4–5%, reflecting sustained demand for engineering solutions across sectors such as energy infrastructure, marine facilities, and industrial fabrication. Regions including Asia-Pacific, the Middle East, and Africa continue to remain significant contributors to this growth, driven by large-scale infrastructure developments, expanding port capacities, and increasing investments in logistics and energy-related sectors.

In response to these emerging global opportunities, CDPLC continues to pursue its strategy of expanding into specialized sectors and selected emerging markets. The Company's strategic focus on regions such as the Seychelles, selected African countries, the Middle East, and Bangladesh is intended to strengthen its international presence in areas including fuel storage tank construction, port and marine infrastructure development, and other heavy engineering projects. In addition, maintaining a strong presence in the Maldives for underwater structures related to the leisure and hospitality sector remains an important strategic priority. The Maldives continues to experience demand for specialized underwater facilities such as restaurants and accommodation units, representing a niche market segment in which CDPLC has already established recognized expertise.

Within Sri Lanka, the economic environment in 2026 demonstrated gradual stabilization compared to previous years, accompanied by renewed emphasis on infrastructure development and port expansion initiatives. Ongoing and planned developments at major terminals including South Asia Gateway Terminal (SAGT), Jaya Container Terminal (JCT), East Container Terminal (ECT), Colombo International Container Terminal (CICT), and the Trincomalee Port area are expected to generate potential opportunities for heavy engineering companies. These developments are likely to require fabrication, marine

construction, and engineering support services, thereby creating opportunities for local industry participants.

However, global uncertainties continue to remain a key concern for the industry. Geopolitical tensions, evolving international trade policies, and potential supply chain disruptions continue to pose risks to the heavy engineering sector. Fluctuations in material prices, logistics-related challenges, and regulatory changes may adversely impact project timelines, operational costs, and investment decisions. Accordingly, companies within the sector must remain adaptable and proactive in managing risks while continuing to leverage emerging opportunities across both local and international markets.

HE Sector Achievement Performance during the period under Review

► **Design & Construction of an Underwater Restaurant Structure for the Resort at Meyyafushi Island in Lhaviyani Atoll, Republic of Maldives**

Colombo Dockyard PLC (CDPLC), through its Heavy Engineering Department, successfully completed the construction, towing, and sinking of a 12-pax underwater restaurant structure for a luxury resort located at Meyyafushi Island in the Lhaviyani Atoll of the Republic of Maldives. This landmark project further demonstrates CDPLC's proven capability in delivering complex and high-precision marine engineering solutions tailored to premium tourism and hospitality developments.

The project involved a comprehensive scope of work encompassing detailed design and engineering, procurement, fabrication, and specialized supervision during the installation of the underwater restaurant structure. Executed in accordance with stringent international standards, the structure was safely installed on the seabed, showcasing CDPLC's technical expertise, meticulous project planning, and operational excellence within challenging marine environments.

The facility is now fully operational under the name "Bubble" Underwater Restaurant at Meyyafushi Maldives, serving as a testament to CDPLC's capability to support innovative and high-end hospitality infrastructure projects while further reinforcing its reputation as a trusted partner for sophisticated marine and offshore engineering solutions.



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► Design, Fabrication and Delivery of 4 Numbers of Steel Pressure Vessels

The Heavy Engineering Department of Colombo Dockyard PLC (CDPLC) successfully completed the design, fabrication, and delivery of four steel pressure vessels for Inoac Polymer Lanka (Pvt) Ltd., a Japanese-based company located within the Export Processing Zone in Horana. This project demonstrated CDPLC's engineering expertise and manufacturing precision in meeting stringent industrial and technical requirements.

The pressure vessels were designed and fabricated in compliance with applicable industry standards, ensuring high levels of safety, durability, and operational performance. Through effective project planning, rigorous quality control processes, and efficient execution, all four units were completed and delivered within the agreed timeframe, reaffirming CDPLC's commitment to reliability, timely project delivery, and customer satisfaction in specialized heavy engineering projects.



Fabrication of the Seapod steel structure is currently underway at the CDPLC yard, utilizing multiple fabrication slots to ensure efficient project execution and adherence to established timelines. The ongoing project reflects CDPLC's strong project management capabilities, technical fabrication expertise, and continued commitment to meeting international quality standards for overseas clients.



► Construction of a Steel Structure for Seapod

Colombo Dockyard PLC (CDPLC) secured a contract for the procurement and construction of a steel structure for a Seapod project in the Republic of Maldives. This project further strengthens CDPLC's presence in delivering specialized structural solutions for innovative marine and hospitality-related applications.

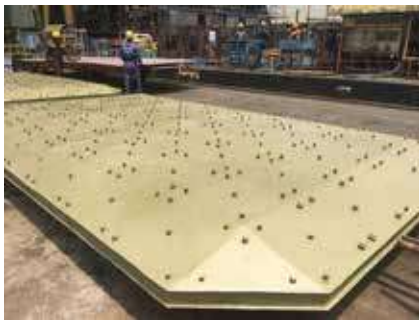




► Annual Fender Repairs at CICT for year 2025

We have successfully secured the contract for the annual fender repairs at the CICT terminal, covering 12 fenders.

This is a recurring annual requirement for CICT. In recognition of CDPLC's quality workmanship, established track record, and technical expertise, the contract continues to be entrusted to us.



Crane load test & certification

CAPACITY DEVELOPMENT /YARD DEVELOPMENT/ TECHNICAL IMPROVEMENTS

Dock No1 50 Ton Atlant Crane Complete Refurbishment to Extend Useful Life Over 10 Years

The 50-ton Atlant crane, originally manufactured in 1980, underwent a comprehensive refurbishment programme involving complete dismantling, replacement of the main slewing bearing using an alternative bearing solution, and the overhaul of all major equipment components, including winches, electrical control systems, and bogies. The refurbishment was carried out with the objective of extending the crane's useful operational life by more than 10 years, together with obtaining the necessary load certifications. The project was successfully executed utilizing in-house engineering expertise, the technical skills of yard employees, and the dedicated contribution of the workforce, without reliance on assistance from the original equipment manufacturer.



Crane Slewing Bearing renewal

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Yard Tug Boat “Ilmanite” Complete Engine Refurbishment to Extend Useful Life Over 10 Years

The yard tug boat Ilmanite's Detroit V71 series engine had experienced performance deterioration over the past several years due to wear and tear, compounded by challenges relating to the availability of spare parts for this out-of-production engine type. As the engine did not have a direct agent or service center in Sri Lanka, and no overhaul manual was available, the Yard Vehicle Garage undertook the challenge of carrying out a complete refurbishment of the engine.

The refurbishment scope included the replacement of spare parts procured through physical verification and spot purchasing in Singapore, in-house engine head surface grinding, piston assembly work, assembly of engine auxiliaries, and final commissioning. The successful completion of this project demonstrated the technical capabilities, resourcefulness, and engineering expertise of the in-house team in overcoming complex maintenance and operational challenges.



Dock No4 Hauling Winch Control System Modification From Old Thyristor System to New Control System

The hauling winch at Yard Dock No. 4, which is utilized for drawing vessels into the dock, was operating with an outdated thyristor-based control system that no longer had adequate spare part support due to technological advancements and obsolescence. In response, the Yard Division engaged

a competent local service provider to fully modernize the control system by implementing a new DC driver-based Variable Frequency Drive (VFD) system. This upgrade ensures improved operational reliability together with assured spare part support for the next 10 years.

Sustainability Initiative By Reducing Diesel Consumption Through Capacity Enhancement of Frequency Converters

For vessels operating on 60-hertz frequency power systems, the yard previously had to rely on 60-hertz generators to supply shore power during dry docking operations, as the existing stationary frequency converters did not possess sufficient capacity. To address this limitation, procurement is currently underway for a brand-new frequency converter with higher specifications, sourced from Türkiye. The investment is expected to deliver a return on investment within an estimated period of less than six months.

Execution Of Yard Cleanliness Enhancement Project Initiated By Operational Excellence Team

Yard operations generated large volumes of production waste, including blasting grit, steel scrap, discarded ship components, and food waste. Through the reorganization of waste management processes and the introduction of a dedicated Resource Recovery Center (RCC) within the guide pier building, operations have now been streamlined, optimizing available land space while minimizing disruptions to production activities.



Lean Projects Spearheaded By Yard Division Recognized With Gold And Silver Awards At Ncqap 2025

1) Reduction of production consumable costs was achieved through the introduction of high-quality alternative consumables, including grinding discs, cutting discs, conical steel burrs, and eye protection goggles, sourced directly from manufacturers. This initiative resulted in an overall cost saving of 16%. In addition, the in-house brand “DOCKYARD CONSUMABLES” was launched during the year. The project was recognized with a Gold Medal award at Ncqap 2025.



2) Reduction of Carbon Dioxide (CO2) consumption used as shielding gas for welding by 20% was achieved through the elimination of waste occurring through pipelines and connecting hoses. This project was recognized with a Gold Medal award at Ncqap 2025.

3) Reduction of electricity costs was achieved through the installation of a 200KW solar panel system and capacity enhancement via a separate SLPA electricity grid connection in addition to the existing CEB main line. This project was awarded a Silver Medal at Ncqap 2025.



With Ncqap 2025 Gold awards and Silver Award

OCCUPATIONAL HEALTH AND SAFETY / PREVENTION MEASURES

The Synergy Between Health, Safety, And Operational Excellence

Initiated by the MD/CEO and supported by the dedicated leadership team, Colombo Dockyard PLC (CDPLC) continues to strengthen the integration between health, safety, and operational excellence across all aspects of its operations.

At first glance, health and safety and operational excellence may appear to be separate priorities; however, they are fundamentally interconnected.

By integrating these two disciplines, organizations can unlock higher levels of operational performance and employee well-being. At CDPLC, we believe that embedding health and safety principles into the core of daily operations creates powerful synergies that enhance productivity, improve quality, and

strengthen workforce engagement. This integration is regarded not only as a cornerstone of operational success but also as a pathway toward a safer, stronger, and more sustainable future.

Integrating health and safety with operational excellence extends beyond improving day-to-day activities; it represents a comprehensive business strategy capable of delivering wide-ranging organizational benefits. From increased productivity and improved product quality to enhanced employee satisfaction and reduced operational costs, this integrated approach positions businesses to remain competitive and resilient within an increasingly demanding business environment.

At CDPLC, we strive not only to meet industry standards but to exceed them. Our commitment to strategic growth, innovation, and safety excellence continues to position the Company as a benchmark in the field of Environmental, Health, and Safety (EHS). Our objective is to support the organization’s journey toward becoming safer, more efficient, and ultimately more successful.

Through internationally recognized certifications, including ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, CDPLC continues to demonstrate its commitment to maintaining high standards of quality, environmental responsibility, occupational health, and safety management. These frameworks support the Company in driving operational efficiency, enhancing product and service quality, and promoting employee well-being.

Management Discussion And Analysis *contd.*



Boosted Productivity

A safe working environment reduces the likelihood of accidents, disruptions, and operational downtime, enabling employees to focus on their responsibilities without interruption. This contributes to more stable, efficient, and productive operations across the organization.

Superior Quality

When safety is prioritized, employees are able to work with greater confidence and assurance, knowing that their well-being is protected. This enables teams to concentrate on delivering higher-quality outputs without distraction or concern regarding workplace safety.

Elevated Employee Engagement

A strong commitment to employee health and safety sends a clear message that workforce well-being is a priority for the organization. This contributes to higher morale, stronger ownership, increased accountability, and greater employee engagement across operational activities.

Cost Efficiency

By minimizing workplace accidents and operational disruptions, organizations can reduce medical, legal, and operational costs while improving overall efficiency. This contributes to lower waste levels, fewer interruptions, and enhanced profitability.

Key Elements of Integration

Successfully integrating health and safety with operational excellence requires a structured and disciplined approach. The following elements remain critical to achieving effective integration:

Leadership Commitment

The integration process begins at the leadership level. Senior management must actively champion both safety and operational excellence through policies, resource allocation, and personal commitment. Leadership engagement establishes the organizational culture and sets the direction for the entire workforce.

Proactive Risk Management

The early identification of hazards together with the implementation of appropriate control measures is essential in maintaining a safe and efficient workplace. Proactive risk management supports operational continuity by minimizing potential disruptions before they occur.

Continuous Improvement

High-performing organizations continuously evolve and improve. Regular review and enhancement of both safety systems and operational processes enable the organization to remain responsive to emerging challenges, technological developments, and new business opportunities.

Employee Involvement

Employees play a vital role in integrating health and safety with operational excellence. Active employee participation in safety initiatives and operational decision-making fosters a culture of collaboration, accountability, shared responsibility, and continuous improvement across the organization.

Health, Safety and Environmental Performances

The HSE Policy of CDPLC emphasizes the importance of creating a safe working environment, maintaining high standards in occupational health, and protecting the environment. In line with these commitments, numerous awareness sessions were conducted throughout 2025 to ensure that employees continued to operate within a healthy and safe work environment, despite the challenges and hardships faced by the Company while steadily and progressively overcoming operational obstacles.

Safety and Accident Prevention

The long-term objective of the Company remains the prevention of all workplace accidents and work-related occupational illnesses. To support this objective, accident rates are regularly analyzed by project, site, and type of incident. The fluctuations observed through these analyses provide insights into structural differences across projects, sites, and operational segments, enabling the Company to identify appropriate corrective measures and implement controls tailored to shipyard-specific requirements.



A detailed statistical analysis of all major and minor accidents occurring within the shipyard is conducted and communicated quarterly to all stakeholders, including top management, to facilitate timely corrective action and continuous improvement in safety performance. This analysis includes classification based on the type and severity of incidents, identification of root causes, and evaluation of trends, thereby providing the foundation for implementing controls in accordance with the hierarchy of controls.

The findings are also utilized to support awareness programmes and training initiatives aimed at minimizing injuries and occupational illnesses while reinforcing a strong safety culture across the organization. Notably, during 2025, the Company recorded a declining trend in safety incidents, as reflected in its safety performance indices, demonstrating the effectiveness of proactive safety strategies and the Company's continued commitment to employee well-being.

Accident / Incident Investigation

Investigating workplace accidents and incidents provides employers and employees with the opportunity to identify hazards within operations as well as shortcomings in existing Safety and Health programmes. Most importantly, it enables the identification and implementation of corrective measures necessary to prevent the recurrence of similar incidents in the future.

Incident investigations that focus on identifying and correcting root causes, rather than assigning fault or blame, also contribute positively to workplace morale and productivity by demonstrating the employer's commitment to maintaining a safe and healthy working environment.

Incident investigations are generally conducted by the Safety Department. These investigations are most effective when managers and employees work collaboratively, as each party contributes different knowledge, experience, understanding, and perspectives to the investigation process.

When conducting an incident investigation, the investigation team must look beyond the immediate causes of the incident. It is often easy, but potentially misleading, to conclude that carelessness or failure to follow procedures alone caused the incident. Such conclusions may fail to identify the underlying or root causes and therefore may not result in the systemic improvements and corrective measures necessary to prevent future incidents. When a deficiency is identified, it is important to determine why it existed and why it had not been addressed previously. It is essential to identify and rectify all contributing factors associated with an incident, which frequently involve deficiencies related to equipment, procedures, training, and broader Safety and Health management systems.

Addressing underlying or root causes is essential to fully understand why an incident occurred, develop effective corrective actions, and minimize or eliminate the potential for serious consequences arising from similar incidents in the future.

All accidents and incidents must be reported to Management as soon as possible. It is the policy of the Yard that all accidents and incidents are reported within 24 hours of occurrence. A formal Accident Investigation Form is available within the MIS system and must be forwarded to the Safety Department at the earliest possible opportunity.

Management Discussion And Analysis contd.

It is important that all incidents are reported, regardless of their severity. Any property, liability, or loss claims must also be reported to Management as soon as possible.



Investigations help the Company to:

- ▶ Identify why existing control measures failed and determine what improvements or additional measures are required
- ▶ Develop plans to prevent similar incidents from recurring
- ▶ Identify areas where Risk Assessments require review and enhancement
- ▶ Improve workplace risk control measures for the future

Wakefulness Program On Cleanliness And Good House Keeping Align With Operational Excellence Started By Md/Ceo

Efficient production and a conducive working environment are complementary to one another. The elimination of inefficiencies and accident hazards arising from unfavorable workplace conditions is essential to ensuring that work is carried out properly, efficiently, and safely. Good housekeeping encompasses every phase of industrial operations and should be maintained throughout the entire premises, both indoors and outdoors, including on board vessels. It extends beyond mere cleanliness and requires orderly conditions, the

avoidance of congestion, and attention to details such as organized workplace layouts, clearly marked aisles, adequate storage arrangements, and suitable provisions for cleaning and maintenance.

A clean, organized, and attractive working environment establishes the overall standard of the organization. It encourages disciplined and orderly work habits among employees, helps reduce fatigue, and promotes positive worker-management relationships. It also enhances employee morale, which is reflected in the quality of production and overall operational efficiency. Good housekeeping additionally serves as a positive representation of the Company. Customers and clients gain greater confidence in an organization when operations are conducted efficiently within clean, well-maintained, and pleasant surroundings. More importantly, good housekeeping contributes significantly toward creating a safer working environment.

The following elements represent the fundamental focus areas of a Good Housekeeping campaign: aisles, floors and walls, space management, storage of materials, material handling, ventilation, lighting, amenities, and waste removal.

Where practicable, dedicated cleaning personnel are deployed for cleaning workplaces and on-board vessel areas. In situations where this is not feasible, adequate time is allocated during working hours to facilitate cleaning activities. Clear responsibility is assigned regarding who is responsible for cleaning and the specific areas to be maintained.



Workplace Inspection/Safety Petrol/ Audits Is Continued

Safety Patrol remains a key component of the Company's Hazard Identification and Risk Assessment process. Each audit team comprises employees representing all levels of the organization, ranging from managers to subcontract employees, who conduct weekly yard inspections under the direct guidance of the Managing

Director/CEO and senior management in order to fulfill the relevant safety requirements. Strong leadership continues to be provided by the MD/CEO through active participation in and continuous guidance during Safety Patrol activities.

Approximately one hour and thirty minutes is allocated during each visit for the observation of unsafe conditions, while an additional thirty minutes is dedicated to observing employee behavioral aspects relating to unsafe acts at the worksite. The total annual man-hour involvement for this process amounts to approximately 450 man-hours. The outcomes of the Safety Patrols, together with the related preventive measures and operational controls, are monitored regularly to ensure that corrective and preventive actions are implemented by the relevant departments and sections in a timely manner.

As in previous years, Occupational Safety and Health (OSH) audits and inspections were carried out in workshops and other general operational areas in accordance with the established Safety Inspection and Audit calendar in order to identify potential hazards and risks present within the working environment. In addition, occupational and environmental noise surveys, together with dust level monitoring activities, were conducted throughout the entire yard

Continuous Health, Safety And Environmental Training And Awareness Initiatives

Occupational Health and Safety (OH&S) training for employees continues to be regarded as a top priority by the Management of CDPLC. In this context, the Organization has identified training requirements associated with its OH&S risks and management systems.

During the year, the Safety Department conducted a number of Health, Safety, and Environmental (HSE) training and awareness programmes for the benefit of employees. Several training and awareness sessions were also conducted with the support of external resource personnel. Some of the key programmes conducted are highlighted below:

- ▶ Supervisory staff of the Safety Department are sent on a quarterly basis to participate in the OSH Certificate Course conducted by the National Institute of Occupational Health and Safety (NIOSH) of the Department of Labour.
- ▶ Safety Department personnel participated in the World Safety Day Celebration Seminar on Occupational Health and Safety conducted at NIOSH, Department of Labour, Sri Lanka.

Area for improvement for life saving set up at the edges of the sea in the shipyard

The identified observations relating to life-saving arrangements at sea-facing areas within the shipyard were taken up by the MD/CEO together with the management team as an area requiring improvement. Accordingly, improvements to life-saving equipment installed along piers surrounding the yard and docks, structural enhancements to pier access facilities including handrails and ladders, as well as the guarding of open pier edges facing the sea using chains and related protective measures, were carried out and completed during the middle of 2025. These measures were implemented with the objective of preventing drowning incidents and supporting the immediate rescue of individuals who may fall into the water.

In accordance with local and international maritime safety regulations and guidelines, these locations are equipped with specific and highly visible life-saving equipment. The following represent the primary life-saving equipment installed along the piers:



Management Discussion And Analysis contd.

Essential Rescue Equipment

Lifebuoys / Life Rings:

These are circular flotation devices, typically orange in colour, designed to be thrown to a person in the water. They are generally equipped with floating lines to enable the individual to be pulled to safety.

Safety Ladders / Steps:

These are essential for enabling individuals to climb out of the water, particularly in areas with steep-sided piers or marina structures.

Safety and Warning Signs

Safety and warning signs are displayed at strategically identified locations around the yard piers to caution personnel against carrying out certain activities near the edges of the piers.

Emergency Location Signs:

High-visibility signs are installed to clearly identify the locations of life-saving equipment.

Lifebuoy Cabinets:

Protective cabinets, often illuminated, are used to safeguard lifebuoys from environmental exposure while ensuring they remain easily accessible.

Maintenance:

Regular inspection and maintenance of all life-saving equipment are mandatory to ensure that such equipment remains functional, in good condition, and readily available for immediate use.

Visibility:

All equipment is stored in clearly visible and easily accessible locations



Fire Awareness in the Workplace

Fire remains one of the most significant threats to any business, regardless of its size. Most businesses do not fully recover following a major fire incident, while those that do often incur substantial financial and operational losses.

Raising employee awareness of potential fire hazards can help prevent fires from occurring in the first instance, while training employees to respond responsibly during a fire emergency helps ensure the protection of the workforce should such an event occur.

This Interactive Fire Safety Training programme is designed to empower employees with the knowledge and understanding required to act responsibly in the event of a fire, raise awareness of potential risks and

hazards, and support compliance with legal requirements while protecting the workforce and business from significant fire-related losses.

Employees are required to understand the actions that must be taken in the event of a fire, including methods of warning others, the location and use of emergency escape routes, assisting visitors or members of the public, identifying designated assembly points, using available firefighting equipment, and summoning the fire service. Adequate numbers of employees trained in the use of fire extinguishers must always be present whenever the workplace is occupied. The training provided is intended to ensure that these responsibilities are carried out safely and efficiently.

The programme titled “Fire Awareness in the Workplace” has been designed to train all employees within the organization with the objective of enhancing workplace safety and first aid compliance.

Empowering employees with the knowledge and understanding required to respond responsibly in the event of a fire, together with increasing awareness of potential risks and hazards, supports legal compliance while safeguarding the workforce and business against significant losses arising from fire incidents.

New Employee Hse Induction Program on Hse

All new employees are required to attend the Company’s HSE Safety Induction Session prior to commencing work within their assigned areas. This session is conducted under the direction of the Safety Department in coordination with the Human Resources and Subcontractor Procurement Departments.

Upon completion of the Safety Orientation Session, each new employee is required to acknowledge that they have received, understood, and agreed to comply with the Company Safety Programme. All participants are required to sign an attendance sheet confirming completion of the session. This record is subsequently maintained within each employee's personal file.

During the year 2025, a total of 3,225 new employees participated in the HSE Induction Programme conducted at the Training Centre.

All new employees are also provided with the opportunity to raise any questions relating to their job responsibilities and employment within the Company.

Toolbox Meetings on Ship Repair Vessels

Communication remains one of the most effective ways to prevent accidents and to reinforce the importance of safety within the workplace. The HSE Toolbox Meeting (TBM) programme has proven to be an effective mechanism for improving safety awareness at operational level. These short and regular discussions, conducted for approximately 20 minutes per session, twice a week, are organized by the Project Manager on board construction vessels. During these meetings, all project employees are educated and informed regarding HSE issues identified by Client/Owner representatives, Management, service providers, and other stakeholders, together with project-related HSE observations and upcoming production plans.

These HSE Toolbox Meetings are also utilized to educate project employees on fire prevention practices with the assistance of the Shipyard Fire Department, enhance occupational health practices with the support of the Shipyard Health Centre, and promote waste management and energy management practices with the assistance of the Environmental and Energy Saving Department of the shipyard.

In addition to the general HSE Toolbox Meetings, short and regular discussions are conducted weekly by line management with supervisors and workers on specific safety-related matters. These sessions are generally conducted in the mornings prior to the commencement of work. They serve as an effective method of raising awareness, minimizing accident risks, ensuring regulatory compliance before the commencement of work, and facilitating effective consultation, communication, and coordination relating to work activities to be carried out.



Enhanced Hse Requirements for Specialized Vessel Repair Operations

The repair of European-origin Cable Laying / Service Vessels (CL/SV) and Fishing Trawlers (FT(V)) within the shipyard requires the implementation of rigorous Health, Safety, and Environmental (HSE) measures in line with client expectations and international maritime safety standards.



Safety Measures for Cable Laying / Service Vessel Repairs in the Shipyard

Safety procedures for cable-laying and service vessel repairs carried out in dry docks are focused on comprehensive risk assessment, confined space entry permit controls, fire prevention measures, particularly during hot work activities, and strict electrical isolation procedures. Critical activities include the securing of heavy cable-handling equipment, the use of appropriate Personal Protective Equipment (PPE) such as gloves and hard hats, the maintenance of clear access routes, and the management of hazardous atmospheres.

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Management Discussion And Analysis contd.

Permit-to-Work (PTW) System

A rigorous Permit-to-Work system is enforced for hot work, confined space entry, and electrical work activities to ensure that all hazards are properly identified, assessed, and controlled.

Vessel Isolation and Electrical Safety

All electrical systems and machinery are isolated, locked out, and tagged out (LOTO) prior to the commencement of work. Vessels are also connected to shore-earth systems to prevent accidental electrification.

Confined Space Entry

Atmospheric testing is carried out prior to entry into tanks or enclosed spaces to confirm that oxygen levels remain within the acceptable range, typically between 20.9% and 22%, and that toxic or flammable vapour concentrations remain below 5% of the Lower Explosive Limit (LEL).

Fire and Hot Work Safety

Fire watch personnel are assigned during hot work activities, while fire extinguishers and fire hoses are positioned in designated areas. Flammable materials are removed from work locations involving welding, cutting, or grinding operations. In addition, electrical cables, machinery, equipment, and surrounding assets are protected from welding, cutting, and grinding sparks through the use of suitable protective methods.

Lifting and Rigging Safety

Safe lifting and rigging procedures are implemented using appropriate communication methods and coordination with shore-based crane operators and related personnel.

Housekeeping and Service Arrangements

Proper housekeeping and service arrangements are maintained to minimize trip, fall, and slip hazards within operational areas.

Fall Protection and Access Control

Guardrails are installed along dock edges, gangways, and around open hatches to ensure safe access and minimize fall-related risks.

Personal Protective Equipment (PPE)

All personnel are required to wear appropriate PPE, including helmets, safety glasses, steel-toed safety footwear, and high-visibility vests.

Communication and Training

Daily safety briefings and toolbox meetings are conducted with vessel crews and shipyard personnel to discuss daily operational risks, safety precautions, and work coordination requirements.



Safety Measures for Fishing Trawler/Vessel Repairs in the Shipyard



One of the many dangers faced by commercial fishermen during vessel

repair periods is the risk of ammonia gas leaks while vessels are docked. Ammonia refrigeration systems are widely used on commercial fishing vessels, particularly those engaged in onboard freezing or processing of catch. Ammonia continues to be a commonly used refrigerant due to its widespread availability, relatively simple manufacturing process, and comparatively low cost. However, ammonia is a toxic gas and its use presents significant hazards. Exposure can result in serious and, in some cases, fatal injuries, including ammonia burns to the eyes and lungs, industrial asthma, blindness, and other pulmonary conditions. In addition, ammonia is flammable and may cause explosions when exposed to high temperatures.

Ammonia monitoring on fishing vessels is therefore critical, as many vessels utilize ammonia-based high-capacity refrigeration systems for the rapid freezing of catch. Due to the toxic and corrosive nature of ammonia, together with its potential to form explosive mixtures with air, regular monitoring, leak detection, and maintenance of refrigeration systems are essential to ensure employee safety.

Leak Detection Tools

Portable ammonia detectors, including detectors equipped with sampling pumps, are utilized during repair periods at regular intervals to test joints, connections, valves, and gaskets for potential ammonia leaks.

The global fishing trawler market is expected to experience strong growth and is projected to reach a significant market size by 2025.

In addition, technological advancements in trawler design, including improved

fuel efficiency, enhanced safety features, and sophisticated fishing equipment, are increasing the attractiveness of these vessels as investments for fishing fleets worldwide.

Fishing Trawler Trends

The fishing trawler industry is currently undergoing significant transformation driven by a combination of technological advancements, environmental considerations, and evolving market demands. Another major trend is the increasing integration of advanced digital technologies and automation systems within vessel operations.

Ensuring the safety of fishing trawler repair operations requires comprehensive hazard identification, risk assessment, and strict adherence to procedures relating to fire prevention, structural integrity, and electrical safety. Key safety measures include the elimination of fire hazards through the cleaning of oil and fuel residues, proper management of hot work activities, the use of appropriate personal protective equipment, utilization of suitable tools, and maintenance of watertight integrity.

- ▶ Key Safety Practices for Trawler Repairs
- ▶ Fire prevention and control
- ▶ Hot work precautions
- ▶ Housekeeping practices
- ▶ Ventilation management
- ▶ Availability of firefighting equipment, including functional fire extinguishers within the immediate repair area
- ▶ Electrical safety controls
- ▶ Machinery maintenance
- ▶ Structural and stability maintenance
- ▶ Maintenance of watertight integrity
- ▶ Structural repair procedures
- ▶ Use of appropriate safety gear

- ▶ Protection against hazardous exposure to solvents, fiberglass, resin, and other chemicals
- ▶ Protection against biological hazards, including infections arising from fish slime, fish waste, and rusty metal surfaces through the use of gloves
- ▶ Operational safety management
- ▶ Risk assessments
- ▶ Safe handling procedures
- ▶ Training of personnel in emergency response procedures, including response actions in the event of fire or flooding during repairs

Proper management of these risks remains critical, as maintenance-related injuries may include cuts, fractures, and respiratory-related illnesses.

Specialized Safety Approach for Lpg Gas Tanker Repairs at Hambantota Port (Hipc)

When handling Liquefied Petroleum Gas (LPG) tanker repairs, safety remains non-negotiable. The volatile nature of LPG, together with its tendency to vaporize under certain conditions, necessitates the implementation of stringent safety measures throughout repair operations.

Safety procedures for LPG tanker repairs require the involvement of specialized and properly trained personnel in order to prevent explosions, cold burns, and asphyxiation hazards. Critical safety measures include the isolation of ignition sources, ensuring adequate ventilation through the use of venturi blowers, conducting gas testing, utilizing appropriate Personal Protective Equipment (PPE), and completely emptying and purging tanks prior to repair activities.

Management Discussion And Analysis contd.

Key Safety Practices for LPG Tanker Repairs

Personnel and Training:

Only qualified and trained personnel are permitted to handle LPG tanker repair activities. Unauthorized personnel must be strictly restricted from the repair area.

Site Preparation:

- ▶ Isolation of hazards
- ▶ Ventilation arrangements
- ▶ Securing of the work area

Tank Preparation:

- ▶ Emptying and purging of tanks
- ▶ Gas testing
- ▶ Cleaning procedures

Repair Precautions:

- ▶ Use of appropriate PPE
- ▶ Permit-to-Work procedures
- ▶ Welding and hot work precautions
- ▶ Equipment inspections and checks
- ▶ Emergency preparedness measures

Post-Repair Activities:

- ▶ Leak testing
- ▶ Inspection procedures
- ▶ Related verification activities



Enhancement of Gangway Access Control System

Gangway access control cards play a vital role in maintaining maritime security by providing real-time tracking of personnel boarding and disembarking vessels, while supporting compliance with the requirements of the International Ship and Port Facility Security (ISPS) Code. These systems assist in preventing unauthorized access, deterring stowaways, and enabling immediate and accurate headcount reporting during emergency situations.

Key Aspects of Gangway Access Control Cards

Enhanced Security:

Access control cards serve as a primary line of defense in controlling entry and exit points, thereby reducing the risk of unauthorized boarding.

Real-Time Monitoring:

The system provides immediate information regarding personnel who are on board or ashore, which is essential for Ship Security Officers (SSOs).

Emergency Response:

The system enables the rapid and accurate identification of all personnel on board during emergency drills and actual evacuation situations.

Operational Efficiency:

The system streamlines the management of visitors, crew members, and contractors, while minimizing errors associated with manual logbook entries.

Regulatory Compliance:

The system supports compliance with ISPS Code requirements by ensuring that all visitors are properly verified and monitored.



OPERATIONAL EXCELLENCE INITIATIVE

The Operational Excellence (OpEx) initiative was officially launched on 1 January 2026, marking a significant step toward enhanced productivity, innovation, and sustainable growth. Guided by the vision of the Managing Director, the programme reflects the Company's strong commitment to continuous improvement and operational efficiency.

A cross-functional OpEx Committee, comprising representatives from all departments, has been established to ensure collaborative decision-making and effective implementation of the initiative. The programme focuses on improving productivity across production, yard development, and operational areas, encompassing both permanent and subcontract employees. Key priorities include the elimination of bottlenecks, optimization of resource utilization and yard space management, strengthening workplace discipline, and the adoption of best practices and advanced technologies.

Projects under the initiative are categorized into seven key focus areas, including productivity improvement, waste and energy management, infrastructure and logistics, human resource development, safety and environment, and technology and innovation.

Implemented in two phases, the programme has already progressed from the planning stage to active implementation, beginning with workplace discipline initiatives and subsequently expanding into waste reduction and energy management programmes.

By the end of 2026, the Operational Excellence initiative aims to achieve measurable cost savings, improved operational efficiency, and the establishment of a culture of continuous excellence across the organization.

Implementation of Lean Six Sigma Management System

The Lean Management System, launched on 01 January 2024, represents a strategic commitment to operational excellence through

the structured application of Lean Six Sigma principles. The initiative focuses on eliminating waste, reducing process variation, improving quality, and enhancing overall productivity across the organization.

Significant emphasis has been placed on employee education and capability development. To date, 41 employees have been qualified as Black Belt and Green Belt holders, while more than 800 employees have successfully completed in-house training programmes for White Belt qualification. This broad-based knowledge platform ensures that continuous improvement becomes a shared responsibility across all levels of the organization.

Cross-functional Lean projects are systematically identified and implemented to address process inefficiencies, optimize resource utilization, and strengthen performance standards. A structured monitoring mechanism has been established to track project outcomes and ensure the achievement of measurable and sustainable results. In addition, a performance-based reward and recognition system has been introduced to encourage employees to contribute innovative ideas and deliver impactful operational improvements



Since its launch, Lean projects implemented under the Black Belt, Green Belt, and White Belt framework have generated total cost savings amounting to LKR 383.7 million. These achievements demonstrate the programme's tangible financial impact while reinforcing a culture of accountability, operational efficiency, and continuous improvement throughout the organization.

In recognition of these accomplishments, three Lean projects were awarded by the Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) in 2025, securing two Gold Awards and one Silver Award as Best Projects of the Year. These achievements reflect the organization's strong commitment to excellence, measurable performance outcomes, and the development of a sustainable culture of continuous improvement.

Management Discussion And Analysis contd.

Cost Monitoring And Controlling

Colombo Dockyard PLC has further strengthened its cost monitoring and control framework as part of its ongoing Operational Excellence journey. The Company has introduced systematic monitoring of key cost centres, supported by structured data collection and analytical reporting mechanisms. These data-driven insights facilitate timely, evidence-based decision-making and strengthen financial governance across departments.

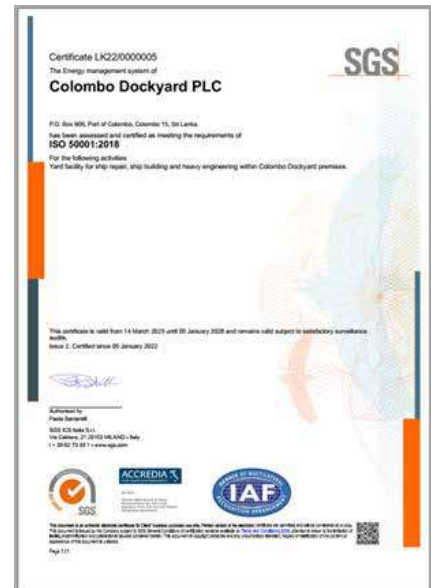
Aligned with Lean Six Sigma and Operational Excellence (OpEx) initiatives, the organization continues to focus on identifying inefficiencies, eliminating non-value-adding activities, and optimizing resource utilization. Several systems have been enhanced to improve real-time cost visibility and strengthen accountability across operational functions. In parallel, selected processes have been redesigned to streamline workflows and improve productivity.

Colombo Dockyard also actively pursues competitive service providers and evaluates alternative tools and consumables that are capable of maintaining the required quality standards at lower cost. Furthermore, considerable emphasis continues to be placed on reducing and eliminating wastage of energy resources, including gas, electricity, and fuel. Through these integrated initiatives, the Company continues to strengthen cost discipline, improve operational efficiency, and enhance long-term sustainability.

ISO Compliance

Colombo Dockyard PLC continues to maintain strong compliance with internationally recognized ISO management systems, reinforcing its commitment to quality, safety, environmental responsibility, and energy performance. The Company is certified under ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health & Safety Management System), and ISO 50001:2018 (Energy Management System).

External audits for the Quality Management System (QMS), Environmental Management System (EMS), and Occupational Health & Safety Management System (OHSMS) are conducted by LRQA India, while SGS serves as the external auditor for the Energy Management System (EnMS). All Company operations are aligned with the relevant ISO standards, ensuring continual improvement and compliance with applicable regulatory requirements.



HUMAN RESOURCE DEVELOPMENT

The Human Resource Development and Administration Division continues to play a vital role in advancing the Company's mission of providing skilled human capital to meet the evolving demands of the maritime industry. The Company's HR strategy remains focused on

attracting, developing, and retaining talent, particularly within technical and engineering disciplines, while delivering structured training programmes that support the development of future expertise among young professionals.

The Company remains committed to promoting industrial harmony and safeguarding employee wellbeing through initiatives that encourage creativity, sports, and physical fitness. Simultaneously, emphasis continues to be placed on maintaining a safe, productive, and environmentally responsible workplace aligned with energy efficiency objectives and industry best practices. All HR-related activities are conducted in strict compliance with ISO standards and applicable regulatory requirements, further reinforcing Colombo Dockyard PLC's reputation as a responsible employer and a leader in sustainable maritime operations.

The Company's HR philosophy is centered on preparing the workforce to support its repositioning and long-term strategic growth. This holistic approach integrates economic stability, social responsibility, organizational loyalty, discipline, technical competence, and shared organizational goals. By promoting financial wellbeing, ethical responsibility, and advanced technical skills, the Company continues to build a resilient and engaged workforce aligned with the long-term vision of Colombo Dockyard PLC.

Lean Management: HR Initiatives

In 2025, Colombo Dockyard PLC launched a transformative Organizational Work Culture Change Programme under the Lean Management initiatives of the Human Resource Development and Administration Division. This strategic

initiative was designed to position the Company as a productivity-driven yet people-oriented workplace, fostering a culture that balances operational excellence with employee wellbeing. The programme introduced modern management practices centered on empathy, communication, and collaboration, further strengthening Colombo Dockyard's reputation as an employer of choice.

To support this vision, the HR Department conducted training and awareness programmes for line managers, supervisors, team leaders, and administrative staff. These programmes focused on soft skills, leadership development, and people management, equipping employees to adopt a more people-oriented management approach. A total of 475 employees participated in the programme, of whom 95% rated the training as excellent while the remaining 5% rated it as very good, demonstrating the effectiveness of the initiative. Conducted by a renowned trainer, the sessions provided practical tools and insights that enabled participants to adopt a more collaborative leadership approach.

The training programme focused on two key areas: Developing an HR Mindset and Essential Skills for Line Managers. Participants were guided on balancing productivity with employee wellbeing while understanding their role in shaping workplace culture. This initiative represents a significant milestone in Colombo Dockyard's HR transformation journey, reinforcing the Company's commitment to building a collaborative, empathetic, and high-performing workplace.

Employee Onboarding Program

During 2025, a significant milestone was achieved when 136 fixed-term contract employees were granted permanent employment, reinforcing the Company's commitment to providing long-term career opportunities. To support this transition, Colombo Dockyard PLC introduced a specially designed onboarding programme that comprehensively addresses all aspects of employment.

The programme includes sessions conducted by the Managing Director relating to the Company's corporate mission and strategic direction, officials from the Labour Department on the legal and social framework of employment, and representatives from Industrial Relations covering workplace harmony, employee rights, duties, and responsibilities. In addition, the Human Resource Development, Administration, and Welfare teams conducted awareness sessions relating to career development and employee benefits.

This structured approach, implemented from 2025 onwards, is intended to cultivate a more engaged, disciplined, and loyal workforce, ensuring that employees not only integrate effectively into the organization but also align themselves with the Company's long-term vision for sustainable growth and success.

Industrial Relation

Colombo Dockyard continues to maintain strong industrial harmony through a proactive and collaborative approach to trade union engagement, recognizing that constructive dialogue is essential for uninterrupted operations and long-term sustainability. Transparent

Management Discussion And Analysis contd.

communication, regular consultations, and fair grievance-handling mechanisms have fostered mutual trust and respect, enabling management and trade unions to resolve matters through consensus rather than confrontation.

This approach has encouraged trade unions to operate more responsibly and collaboratively with management, thereby further strengthening workplace relations. As a result, Colombo Dockyard continues to successfully balance employee interests with operational priorities, ensuring organizational stability, employee morale, and productivity within a dynamic industrial environment.

Core Health & Wellbeing Factors

Colombo Dockyard places strong emphasis on employee health and wellbeing through comprehensive preventive healthcare and insurance initiatives. Permanent and eligible contract employees are covered under medical insurance schemes that include provisions relating to critical injuries, childbirth, medical tests, and hospitalization. A fully operational 24/7 in-house Health Centre ensures the provision of immediate medical care, while Workmen's Compensation Insurance provides financial protection against occupational injuries and illnesses.

The Company also promotes ergonomic workplace design, safety practices, and specialized training programmes supported by personal protective equipment and advanced tools aimed at improving productivity. Sports facilities and memberships are provided to encourage active lifestyles, while dedicated fitness and training sessions are conducted for Fire & Safety and Security personnel, including specialized programmes carried out at Port City Colombo.

In addition, annual ISPS contingency rehearsals together with quarterly audits conducted by the Sri Lanka Navy continue to reinforce compliance with international safety and security standards, thereby safeguarding employees, customers, and port operations

Mental & Emotional Wellbeing

Colombo Dockyard actively promotes mental and emotional wellbeing through structured stress management workshops and resilience training programmes designed to assist employees in effectively managing workplace and personal challenges. These initiatives are conducted across all levels of the organization, with specific programmes tailored for senior management to strengthen awareness regarding both their own wellbeing and that of their teams.

Employees experiencing stress arising from family matters, substance dependency, social pressures, or other personal circumstances are encouraged to seek confidential support directly through the HR Department. Such employees are provided with personalized guidance and initial resilience-building support and, where necessary, are referred to professional counselling or medical services to ensure appropriate care and treatment.

Employee Recognition

Colombo Dockyard PLC proudly recognized 104 employees who completed more than 15 years of continuous service with the Company. In keeping with a longstanding tradition, each employee was presented with a Gold Sovereign Award in appreciation of their valuable contributions.

This annual practice reflects the Company's continued commitment to recognizing long-standing service and dedication, which continue to strengthen the foundation and success of Colombo Dockyard PLC.

Training Center

The Colombo Dockyard Training Centre serves as a dedicated hub for employee development and knowledge enhancement, reflecting the Company's strong commitment to fostering a culture of continuous learning. Through its well-equipped Knowledge Centre, the Training Centre delivers a comprehensive portfolio of industrial, technical, safety, digital, and managerial training programmes aligned with organizational priorities and international standards.

The Centre plays a significant role in strengthening technical and operational competencies, developing the leadership pipeline through structured supervisory initiatives, and reinforcing safety, compliance, and risk management practices across the workforce. It also supports employees in pursuing higher education and professional qualifications while providing valuable industry exposure to university students specializing in marine engineering and naval architecture.

By integrating company-wide certification initiatives and advancing digital and analytical capabilities, the Training Centre continues to enhance workforce readiness while supporting the Company's long-term transformation and competitiveness within the global shipbuilding and ship repair industry.

Training Summary

| Indicator | Value |
|---------------------------------|----------------|
| Total Participants Trained | 1,157 |
| Total Training Hours Delivered | 10,659.5 Hours |
| Total Investment | 4.88 Mn |
| Average Hours per Employee | 9.2 Hours |
| Average Investment per Employee | 4,214 |

Category-Wise Training Summary

| Category | No. of Participants | Training Hours | Investment LKR | % of Total Investment |
|--|---------------------|----------------|----------------|-----------------------|
| Technical & Operations | 576 | 4,029.50 | 2,327,184 | 47.70% |
| Safety, Compliance & Risk | 145 | 656 | 653,379 | 13.40% |
| Leadership & Supervisory Development | 408 | 3,264 | 610,400 | 12.50% |
| IT & Digital | 20 | 144 | 296,000 | 6.10% |
| HR, Communication & Professional Skills | 8 | 64 | 140,000 | 2.90% |
| Company-Wide Certification (Lean White Belt) | 345 | 2,760 | 0 | — |

Contribution to Clean Sri Lanka Program



IT INFRASTRUCTURE DEVELOPMENT AND SYSTEM IMPROVEMENT

Colombo Dockyard PLC operates a comprehensive and integrated information systems landscape that supports core operational, administrative, and strategic functions across the organization. This includes a broad suite of management information and enterprise systems comprising multiple major platforms together with several hundred functional modules. Key business areas including production, commercial operations, procurement, finance, human resources, compliance, decision support, reporting, and business intelligence are supported through structured data entry, controlled system access, and analytical reporting views. These systems are further complemented through external integrations that support affiliated entities.

Collectively, these systems and governance mechanisms ensure reliable service delivery, data integrity, operational efficiency, and informed decision-making while maintaining appropriate standards of confidentiality and control.

In addition, the organization maintains a robust and layered information security framework designed to safeguard corporate data and systems. All network communications are centrally controlled and continuously monitored, supported by comprehensive endpoint, email, and access protection measures. Advanced threat detection technologies and proactive monitoring mechanisms are in place to mitigate cybersecurity risks, including malware, ransomware, and unauthorized access attempts. Secure backup processes ensure data resilience through encrypted on-premises and cloud-based storage systems. Collectively, these controls reinforce confidentiality, integrity, and system availability across the enterprise while aligning with recognized best practices in information security governance.

Management Discussion And Analysis contd.

The year 2025 marked a significant milestone in the Company's ICT journey, which spans a rich history of 28 years. Throughout this period, in-house software development services have served as the backbone of the Company's digital transformation efforts across critical operational functions. All software products developed by Colombo Dockyard are now supported through its fully owned subsidiary, Dockyard Total Solutions (Pvt) Ltd.

Taking a significant step forward in its digital transformation journey, Colombo Dockyard initiated software services outsourcing operations under the brand name "DOCKYARD SOFTWARE." Through this initiative, the Company plans to target both local and international software markets with a wide range of software products designed to address industry-specific customer requirements.

Further strengthening its service portfolio and industry recognition, Colombo Dockyard PLC secured a Gold Award and a Bronze Award at the National Best Quality Software Awards (NBQSA) 2025 organized by BCS, The Chartered Institute for IT – Sri Lanka Section, together with the National ICT Awards Trust. In addition, Colombo Dockyard PLC represented Team Sri Lanka at the Asia Pacific ICT Alliance Awards 2025.



SUBSIDIARY PERFORMANCE-DOCKYARD GENERAL ENGINEERING (PVT) LTD

Dockyard General Engineering Services (Pvt) Ltd (DGES), a wholly owned subsidiary of Colombo Dockyard PLC, has firmly established itself as a leading engineering organization in Sri Lanka. Widely recognized for delivering high-quality construction and engineering services, DGES continues to expand its presence by providing innovative, reliable, and value-driven solutions across both local and international markets.

Operational Overview:

Dockyard General Engineering Services (Pvt) Ltd (DGES) remained committed to delivering a comprehensive range of engineering solutions across the mechanical, civil, and electrical sectors. Its services encompass design, fabrication, installation, repair, and maintenance activities, carefully tailored to meet the diverse requirements of clients operating across multiple industries.

In response to evolving market conditions, DGES strategically refined its business approach. Recognizing the impact of the pandemic on the construction industry, the Company actively strengthened collaborations within the private sector, positioning itself to effectively navigate prevailing challenges while supporting sustainable future growth.

Key Achievements:

During the period under review marked several significant achievements for Dockyard General Engineering Services (Pvt) Ltd (DGES), reflecting the Company's continued commitment to excellence and its dedication to delivering high-quality engineering solutions across a broad range of sectors.

1. Design, Fabrication, Necessary Approvals, and Commissioning of Two Steel Ferries for the Kurukkalmadam–Ambalanthurai Ferry Service and Kurumanvely–Mandur Ferry Service

This project involved the complete design, fabrication, statutory approvals, testing, and commissioning of two steel ferries serving the Kurukkalmadam–Ambalanthurai and Kurumanvely–Mandur ferry routes.

Executed for the Road Development Authority, the project scope included engineering design, marine-grade steel construction, mechanical and electrical installations, safety compliance activities, sea trials, and final handover procedures.

The successful delivery of both ferries, through the Company's technical expertise and operational capabilities, contributed toward enhancing regional connectivity, improving passenger and vehicle transportation efficiency, and supporting safe and reliable waterway operations for local communities.



2. Supply, Fabrication, and Erection of Two 100,000-Litre Diesel Tanks

As part of its overseas operations in the Maldives, Dockyard General Engineering Services (Pvt) Ltd (DGES) successfully executed the supply, fabrication, shipment, erection, and commissioning of two 100,000-litre diesel storage tanks and one 80,000-litre diesel storage tank.

The project scope included steel procurement, tank fabrication, marine transportation, on-site erection, protective coating applications, DP and hydro testing, calibration, and submission of as-built documentation.

Delivered in full compliance with international standards and local statutory requirements, the project highlights DGES's capability to provide comprehensive fuel storage infrastructure solutions within overseas markets, further demonstrating its technical expertise, logistical efficiency, and commitment to quality.



Ongoing Project Progress

1. Drug Store for State Pharmaceuticals Manufacturing Corporation

This ongoing project involves the construction of a steel warehouse facility aimed at enhancing storage capacity for raw materials and finished pharmaceutical products, thereby supporting increased production capacity at the State Pharmaceuticals Manufacturing Corporation (SPMC).

The facility comprises a pre-engineered steel structure incorporating insulated roofing and cladding, heavy-duty dust-free flooring, specialized wall and floor finishes, advanced HVAC systems, complete plumbing installations, and comprehensive fire protection systems.

Management Discussion And Analysis contd.

The project demonstrates the Company's capability in delivering fully integrated steel building solutions that meet stringent client requirements while contributing meaningfully toward the growth and strengthening of Sri Lanka's healthcare sector.



2. Construction of Ancillary Buildings for the New Benji Factory in Bingiriya

This project is owned by Benji Limited. The construction works are located in Bingiriya and comprise earthworks, foundation works, reinforcement works for floors, supply and placement of concrete for floors, masonry works including blockwork and plastering, painting works, installation of doors and windows supplied by the Client, and external works including roadworks.

As the trench and the wastewater treatment plant constitute critical components of the project, the 243-metre-long trench is divided into three sections, namely the Blue Trench, Brown Trench, and Magenta Trench, and is designed to accommodate electrical cable lines, air-conditioning duct lines, water pipelines, and other service ducts.

The wastewater treatment plant, with overall dimensions of 34.2 m x 9.9 m x 4.9 m, comprises two chemical storage units, two gantry cranes, together with the associated staircase and guard wall





1. Construction Of Proposed Warehouse For Ceylon Royal Teas (Pvt) Ltd At Kiriaththuduwa Road, Homagama



The project, owned by Ceylon Royal Teas Pvt Ltd, is located in Homagama.

The scope of work carried out during the reporting period comprised earthworks, foundation works, reinforcement works, supply and laying of concrete, masonry works including blockwork and plastering, painting works, and external works including roadworks.

The project forms part of the Company's construction activities undertaken during the year under review.

2. Repair Works of Under Wharf Crane Beams and Headstock Beams at SAGT

The project, owned by South Asia Gateway Terminals Pvt Ltd, involves repair and rehabilitation works relating to critical structural elements of the wharf facility.

During the reporting period, significant concrete deterioration was identified at the soffit of the waterside crane beam and headstock beams, as well as at the landside crane beam, including areas where repairs had not yet been carried out together with locations where previous repairs had already been completed.

Accordingly, the proposed scope of work comprises the execution of structural repairs to the landside, waterside, and headstock beams in order to ensure the continued structural integrity of the wharf, together with the application of an under-wharf soffit protection coating. This initiative forms part of the ongoing maintenance and asset protection programme aimed at safeguarding the operational reliability and long-term durability of the facility.

SUBSIDIARY PERFORMANCE -DOCKYARD TOTAL SOLUTIONS (PVT) LTD.

Dockyard Total Solutions (Pvt) Ltd (DTS) is a fully owned subsidiary of Colombo Dockyard PLC (CDPLC). DTS was restructured on 01 January 2021 under the Companies Act No. 7 of 2007 (Company Number PV 00208409). The Company's primary focus is to function as a reliable and principal outsourcing partner to CDPLC's production processes by providing skilled and technical support together with the required human resource facilities as a Group Company.

During the period under review DTS contributed Rs. 443.0 million to total revenue through projects undertaken for CDPLC, compared with Rs. 433.4 million recorded in the previous year. This included the highest contribution of Rs. 205.0 million (46%) from steel-

related jobs, followed by Rs. 80.0 million (18%) from afloat ship repair jobs, while the balance revenue was generated from scaffolding, engineering design, and other related services.

DTS Employees working on MISJE Bulk Carriers last vessel Hull Unit Construction Projects.

DTS plans to significantly expand its steel-related operations during the 2026–2028 period in line with upcoming CLV projects. The Company will also focus on transferring high-cost Indian welder-related work under DTS operations with the objective of minimizing Group operational costs. In addition, DTS is exploring detailed engineering design opportunities from external parties, particularly foreign shipyards.

Financial Capital

The Group utilizes its financial capital through shareholder equity, internally generated funds, and external borrowings to support shipbuilding and ship repair operations. Effective financial management ensures adequate liquidity, enables investment in operational capacity, and supports the Company’s long term growth and value creation.



Our disciplined financial management and effective capital allocation enabled Colombo Dockyard PLC to maintain financial stability despite a challenging operating environment.

Period under review, we focused on securing adequate funding to support operations and strategic activities.

Rs. **15,311** Mn

Total Equity

(2024 : Rs. 5,311 Mn)

Rs. **2,395** Mn

Long Term Debt

(2024 : Rs. 7,458 Mn)

Rs. **447** Mn

Earnings before interest, tax, depreciation & amortization

(2024 : Rs. (1,353) Mn)

Rs. **38,348** Mn

Total Assets

(2024 : Rs. 43,861 Mn)

Rs. **12,235** Mn

Short Term Borrowings

(2024 : Rs. 21,210 Mn)

Rs. **13,649** Mn

Stated Capital

(2024 : Rs. 714 Mn)

Performance Highlights Group

| | | 1st Jan 2025 - 31st March 2026 | 2024 (12 Months) |
|--|--------|--------------------------------------|---------------------|
| Financial Performance | | | |
| Revenue | Rs. Mn | 36,196 | 25,447 |
| Results from Operating Activities | Rs. Mn | (524) | (2,793) |
| Profit before tax | Rs. Mn | (2,875) | (4,902) |
| Profit after tax | Rs. Mn | (2,921) | (2,743) |
| Profit attributable to equity holders of the Company | Rs. Mn | (2,909) | (2,742) |
| Gross profit Margin | % | 12% | 2% |
| Operating Profit Margin | % | -1% | -11% |
| Net Profit Margin | % | -8% | -11% |
| Earnings per share (basic) | Rs. | (11.34) | (11.89) |
| Return on Assets (ROA) | % | -8% | -6% |
| Return on Capital Employed (ROCE) | % | -3% | -19% |
| Interest cover | Times | (0.19) | (1.13) |
| Efficiency & Financial Stability Ratios | | | |
| Total Assets | Rs. Mn | 38,348 | 43,861 |
| Total Debt | Rs. Mn | 14,629 | 28,668 |
| Shareholders' funds | Rs. Mn | 15,311 | 5,311 |
| Gearing ratio | Times | 0.96 | 5.40 |
| Asset Turnover | Times | 0.88 | 0.61 |
| Net assets per share | Rs. | 38.74 | 73.91 |
| Current ratio | Times | 0.90 | 0.76 |
| Quick asset ratio | Times | 0.79 | 0.64 |
| Investor Information | | | |
| Market value per share | Rs. | 122.25 | 65.90 |
| Company market capitalization | Rs. Mn | 48,316 | 4,736 |
| Price earnings ratio | Times | (10.78) | (5.54) |

Financial Performance of the Group

Group Revenue

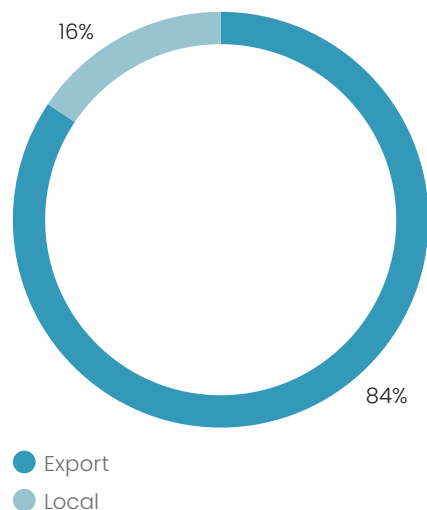
The Group recorded revenue of Rs. 36,196 Mn in current reporting period (15 Months), compared to Rs. 25,447 Mn in 2024 (12 Months). The growth was mainly driven by strong performance across key operating segments, with the Heavy Engineering sector and the Ship building segment during the year. Group revenue has increased by 14% (When Normalized the Group revenue of 15 months to 12 months in Current reporting period) when comparing to 2024.

The Group's subsidiaries also contributed to overall revenue generation, with Dockyard Total Solutions contributing 1%, Dockyard General Engineering 8%, and Ceylon Shipping Agency 4% of the Group's total revenue. These contributions highlight the growing role of the Group's diversified operations in supporting revenue growth and strengthening the overall business portfolio.

Financial Capital contd.

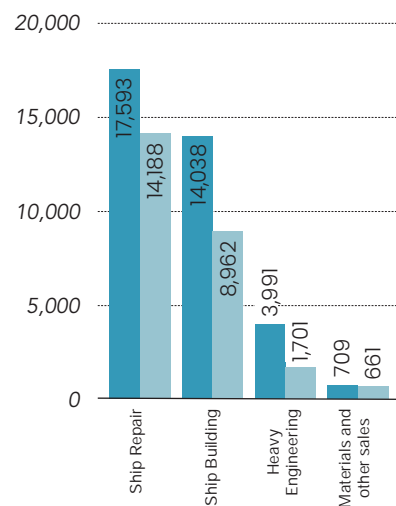
Group Export Revenue-Current Reporting Period

(15 Months)



Group Segmental Revenue Contribution-Current Reporting Period

(15 Months) vs 2024 (12 Months)

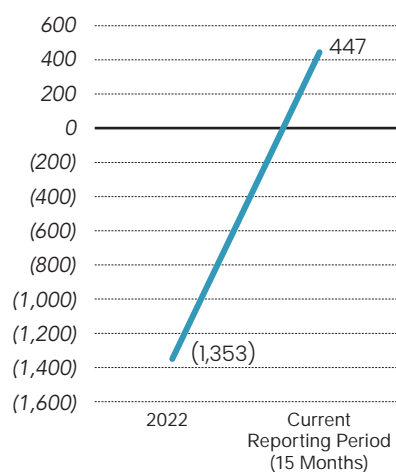


Group Segmental Revenue Analysis

The Group's revenue is primarily generated from four key segments: Ship Repair, Shipbuilding, Heavy Engineering, and Other/Material Sales. During the year, Ship Repair remained the largest contributor, accounting for 48% of total revenue, followed by Shipbuilding at 39%. The Heavy Engineering segment contributed 11%, while the remaining 2% was generated by Other and Material Sales. This revenue composition reflects the Group's strong presence in core shipyard operations while maintaining diversified income streams through related engineering and support services.

EBITDA-Current Reporting Period

(15 months) vs 2024 (12 months)



The Group recorded EBITDA of Rs. 447 Mn in current reporting period (15 Months), marking a significant improvement compared to negative EBITDA of Rs. 1,353 Mn in 2024 (12 Months). The positive EBITDA reported in current reporting period reflects the Group's gradual operational recovery and improved performance across core business segments, demonstrating progress in strengthening operational efficiency and cost management

EBITDA Graph

Group Other Income

The Group's other income declined by 37% (When Normalized the Group other income of 15 months to 12 months in current reporting period), compared to Rs. 650 Mn in 2024, primarily due to foreign exchange losses during the year, compared to gains in the previous period, reflecting the impact of currency movements.

Cash Flow

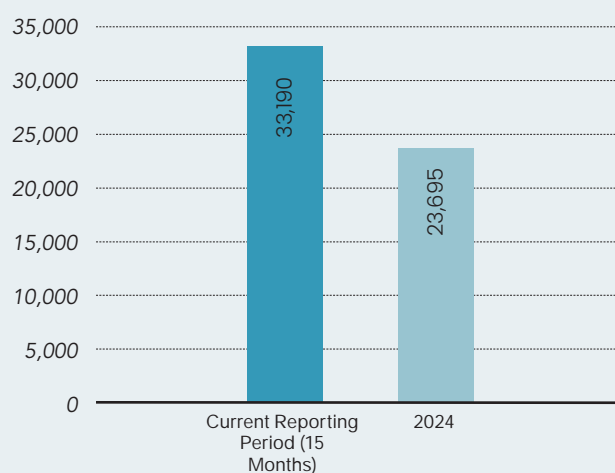
Cash flows from operating activities improved significantly in current reporting period (15 Months), recording a net inflow of Rs. 3,686 mn compared with a net outflow of Rs. 2,007 mn in 2024. Net cash used in investing activities amounted to Rs. 500 mn, compared with a net outflow of Rs. 89 mn in 2024, mainly due to higher capital expenditure, with purchases of property, plant and equipment increasing by approximately Rs. 477 mn during the Period. Cash flows from financing activities recorded a net outflow of Rs. 1,187 mn, compared with a net inflow of Rs. 4,738 mn in 2024, primarily due to the settlement of borrowings during the year.

Financial Performance of the Company

Company Revenue

Revenue growth remained resilient during the Period, reflecting the companies' continued operational momentum. The company recorded revenue of Rs. 33,190 mn in current reporting period (15 Months), representing an increase of Rs. 9,495 mn compared with Rs. 23,695 mn in 2024 (12 Months). This growth was supported by the progress of shipbuilding and ship repair projects during the year, demonstrating the Group's ability to sustain revenue generation while strengthening its order execution capabilities.

Company Revenue-Current Reporting Period
(15 Months) vs 2024 (12 Months)



The Company's New Construction segment recorded a notable growth of 25% during the year (Normalized 15 months in current reporting period to 12 Months), primarily driven by improved contract prices achieved for recently delivered vessels in line with prevailing global market conditions. The Ship Repair segment maintained performance levels comparable to the previous year, reflecting stable operational activity despite challenging market conditions. Meanwhile, the Heavy Engineering segment reported a significant growth exceeding 100%, mainly attributable to the commencement of new underwater projects undertaken by CDPLC, which contributed positively to the overall revenue growth of the Group.

Financial Capital contd.

Company Profit/(Loss) After Tax

The company reported a loss after tax of Rs. 2,631 mn in current reporting period (15 Months), compared with a loss after tax of Rs. 2,757 mn in 2024 (12 Months), reflecting an improvement of approximately Rs. 652 mn (Normalized current reporting period loss 15 Months to 12 months) during the year. Despite the continued loss position, the improvement indicates progress in the companies operational and financial performance. Furthermore, the recent capital infusion through the Rights Issue is expected to strengthen the company's capital structure and reduce the reliance on borrowings, thereby lowering interest costs going forward. This is anticipated to support improvements in profitability in the coming years.

Financial Position of the company

Total Assets

Total assets of the Company decreased by approximately 13.6%, from Rs. 40,311 Mn as at 01 January 2025 to Rs. 34,842 Mn as at 31 March 2026. The reduction was mainly attributable to the decrease in accrued revenue following the delivery of ships during the period, resulting in the recognition and settlement of related contract assets. Despite the reduction in total assets, the Company continued to invest in strengthening its operational capabilities, with a capital expenditure of Rs. 262 Mn incurred on plant, machinery, and equipment during the period to enhance yard productivity and infrastructure development.

Current Assets

The Company's current assets decreased by 26.8% as at 31 March 2026, mainly due to the reduction in accrued revenue following the delivery of ships during the period. The decline reflects the conversion of contract assets into recognized revenue upon completion and delivery of vessels.

Current Liabilities

The Company's current liabilities decreased significantly as at 31 March 2026, primarily driven by a 38% reduction in loans and borrowings following settlements made during the period. This contributed to an overall improvement in the Company's short-term financial position.

Working Capital

The Company's net working capital improved from a negative Rs. 8,711 Mn as at 31 December 2024 to a negative Rs. 3,214 Mn as at 31 March 2026, reflecting a considerable improvement in short-term liquidity management during the period. This improvement was mainly supported by the significant reduction in current liabilities, particularly through the settlement of loans and borrowings, despite the reduction in current assets arising from lower accrued revenue following ship deliveries. Accordingly, the Company's current ratio improved from 0.7 times as at 31 December 2024 to 0.8 times as at 31 March 2026, indicating a strengthened short-term financial position.

Net Asset Value per share

The Company's net asset value per share stood at Rs. 37.58 as at 31 December 2024 and Rs. 32.80 as at 31 March 2026. Despite the movement in the per-share value, the Company has strengthened its overall net asset base during the period, supported by a significant capital infusion from Mazagon Dockship Builders through the rights issue. Accordingly, the net asset position reflects an improved capital structure and continued financial stability of the Company.

Capital Structure

As at 31 March 2026, the Company's total assets amounted to Rs. 34,842 million, financed through a balanced capital structure comprising 37% equity, 51% other current liabilities, and 12% non-current liabilities.

Debt

Compared to 31 December 2024, the Company's overall debt position as at 31 March 2026 has significantly improved, recording a 49% reduction. This reduction was primarily driven by the settlement of borrowings through funds raised via the rights issue capital infusion. During the 15-month period, the Company repaid a total of Rs. 12,273 million in loans, strengthening the balance sheet and reducing financial leverage.

Performance of the share

As at 31 December 2024, the Company's share price stood at Rs. 65.90, which increased to Rs. 122.25 as at 31 March 2026, representing a significant growth of 85% during the 15-month period. This substantial appreciation in the share price reflects enhanced investor confidence following the acquisition by Mazagon Dock Shipbuilders Limited, one of India's leading shipbuilding and defence companies. The strategic partnership is expected to strengthen the Company's long-term growth prospects and market positioning.

Financial Reporting

CDPLC remains committed to adopting best practices in financial reporting through both its quarterly and annual financial statements, while continuously incorporating the latest developments in financial reporting and disclosure requirements. The financial statements of the Company have been prepared in accordance with ICASL Accounting Standards (SLFRS/LKAS), ensuring transparency, consistency, and compliance with applicable regulatory requirements.

Our Achievement

Following the acquisition by Mazagon Dock Shipbuilders Limited, CDPLC aligned its financial year end from 31 December to 31 March in order to comply with group reporting requirements. Despite the transition to a new reporting period, the Company successfully completed and submitted its audited annual financial statements for the period ended 31 March 2026, together with the quarterly financial statements, to the Colombo Stock Exchange within the stipulated timeline before 30 April 2026, demonstrating the Company's strong commitment to timely financial reporting and regulatory compliance.

Subsidiary Performance

During the 15-month financial period the Group's subsidiaries made significant contributions to overall revenue, with Dockyard Total Solutions (DTS) contributing Rs. 545 Mn, Dockyard General Solutions (DGS) contributing Rs. 3,184 Mn, and Ceylon Shipping Agency contributing Rs. 1,429 Mn. On a normalized basis, DGS recorded a strong revenue growth of 33%

compared to the previous financial period, while DTS maintained a stable performance. CSA reported a marginal revenue decline of 2%. In terms of profitability, DGS reported a profit of Rs. 64 Mn for the 15-month period, whereas both DTS and CSA recorded net losses during the year.

Company Contribution to Sri Lanka Economy

CDPLC continued to make a significant contribution to the Sri Lankan economy through its export operations, generating export revenue of Rs. 30,659 Mn during the financial period. The Company's strong export performance contributed positively towards the country's foreign exchange earnings while reinforcing Sri Lanka's position in the global maritime and engineering industry.

Human Capital

Colombo Dockyard recognises its employees as a critical driver of value creation across shipbuilding, ship repair, heavy engineering, and offshore engineering operations. The Company’s human resource philosophy is founded on inclusiveness, adaptability, transparency, and employee empowerment, supported by open dialogue and organisational justice.

Human resource strategies are aligned with business objectives, enabling effective decision making and sustainable performance. While ISO-certified systems and documented procedures provide a structured framework, HR decisions are approached holistically, with due consideration to employee wellbeing and operational requirements. CDPLC actively promotes a continuous learning culture, providing opportunities for skills development and professional growth. The Company maintains equitable and non-discriminatory employment practices and strictly prohibits child labour and unfair labour practices, while complying with the standards of the Ministry of Labour.



1,651

Workforce Strength

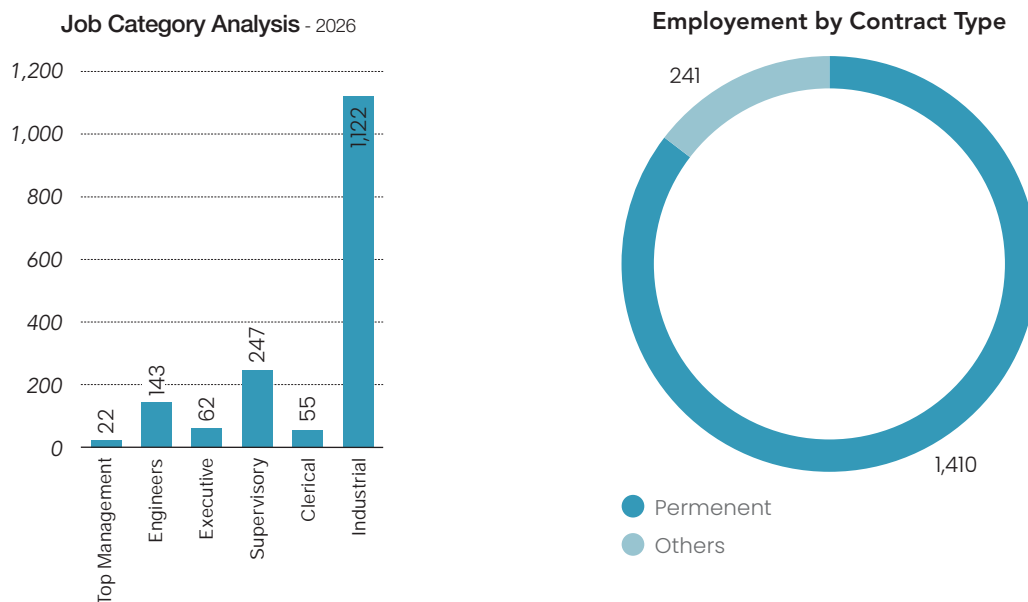
In Current Financial Year
Employees, excluding subcontract
personnel

Workforce Strength

  **1,623**   **28**

Given the technically intensive and operational nature of CDPLC’s activities, the workforce is predominantly male.

Segmental Analysis of the Workforce Current Reporting Period (15 months)



Employee Turnover

The employee turnover ratio for Current reporting period of 15 months was 4%, reflecting workforce stability, employee engagement, and effective retention practices.

Rewards, Remuneration and Benefits

CDPLC offers competitive remuneration packages above local industry benchmarks and recognises employees' rights to collective bargaining.

In-House Medical Centre

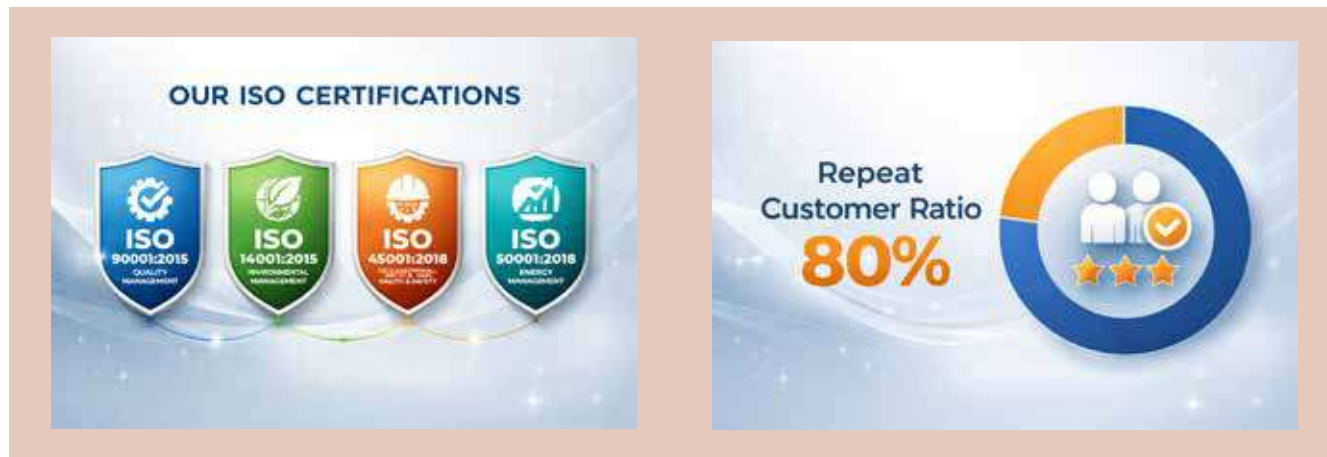
The Company operates an in-house medical centre providing 24-hour medical services, staffed by MBBS-qualified doctor, with emergency on-call support. Medical testing is conducted in collaboration with Asiri Hospital Ltd. First-aid points are located across operational areas, supported by ambulances.

Training and Development

Colombo Dockyard PLC places strong emphasis on continuous learning and capability development to support its technically intensive shipbuilding, ship repair, heavy engineering, and offshore engineering operations. During current financial period the Company invested over Rs. 5 million in employee training and delivered in excess of 13,000 training hours through a range of structured internal and external programmes. These initiatives focused on enhancing technical competencies, occupational health and safety, regulatory compliance, leadership development, and operational efficiency, enabling employees to adapt to evolving industry requirements while supporting long-term organisational performance.

- Overview
- Management Discussion and Analysis**
- Stewardship
- Financial Report
- Supplementary Information

Intellectual Capital



At Colombo Dockyard PLC, our intellectual capital forms the backbone of our ability to deliver world-class shipbuilding, ship repair, and heavy engineering services. With a dedicated team of 141 engineers and technical professionals, we leverage deep expertise and hands-on experience to operate and maintain our advanced machinery.

Our strong client relationships reflect the value of our intellectual capital, with a repeat customer ratio of 80% for ship repair services, demonstrating the trust our clients place in our technical capabilities and consistent service delivery.

We maintain high standards through robust management systems, holding ISO 9001:2015 (Quality), ISO 14001:2015 (Environmental), ISO 45001:2018 (Occupational Health & Safety), and ISO 50001:2018 (Energy) certifications. These certifications ensure our processes are standardized, efficient, and aligned with international best practices.

Our intellectual capital is further strengthened by advanced digital and engineering tools, including 3D modeling, project planning software, and integrated enterprise systems. Through our in-house software development capabilities, delivered via our fully owned subsidiary Dockyard Total Solutions (Pvt) Ltd, we continue to innovate and digitize our operations. Recognition at the National Best Quality Software Awards and the Asia Pacific ICT Alliance reflects our commitment to excellence and knowledge-driven innovation.

Together, our skilled workforce, certified processes, proprietary technologies, and strong client relationships form a robust intellectual capital base, enabling Colombo Dockyard PLC to maintain its competitive edge and create sustainable value for all stakeholders.

141

Engineers & Technical Professionals

we leverage deep expertise and hands-on experience to operate and maintain our advanced machinery

Shipbuilding Ship Repair

Heavy Engineering Services

Certifications

- ▶ ISO 9001:2015 (Quality)
- ▶ ISO 14001:2015 (Environmental)
- ▶ ISO 45001:2018 (Occupational Health & Safety)
- ▶ ISO 50001:2018 (Energy)

Manufactured Capital

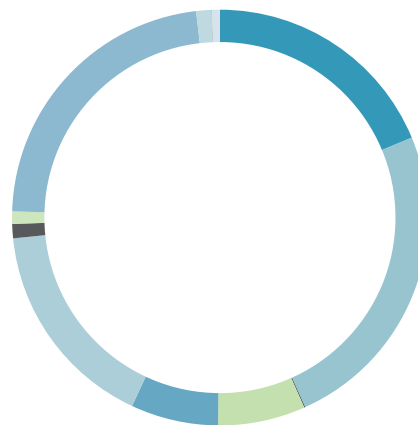
At Colombo Dockyard PLC, manufactured capital forms the foundation of our operational excellence and long-term value creation. As a leading shipbuilding and ship repair facility in Sri Lanka, our ability to deliver high-quality maritime engineering solutions is directly supported by our extensive physical infrastructure, advanced technology, and specialized equipment.



Our manufactured capital comprises our dry docks, shipbuilding berths, fabrication workshops, heavy lifting machinery, engineering systems, and supporting port-side infrastructure. These assets enable us to undertake complex shipbuilding, ship repair, offshore engineering, and heavy industrial projects while maintaining high standards of quality, safety, and efficiency.

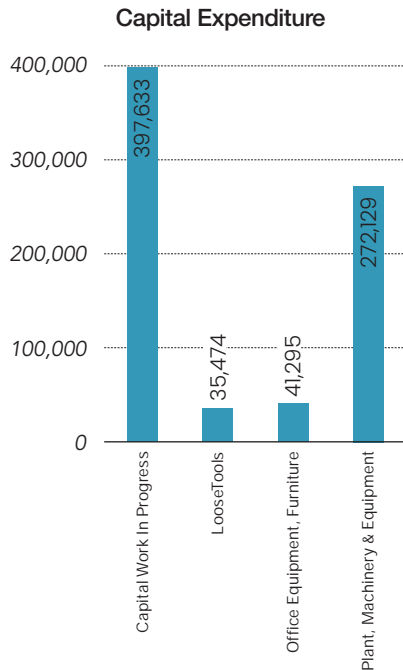
We continuously invest in modernizing and upgrading our facilities to enhance productivity, improve operational reliability, and meet evolving industry requirements. Through the effective management and optimization of our manufactured capital, we strengthen our competitive position in the regional and international maritime industry while delivering sustainable value to our stakeholders.

Manufactured Capital



- Drydocks
- Land
- Road ways
- Building
- Cranes
- Plant, Machinery & Equipment
- Electrical Installation
- Motor Vehicles
- Office Equipment, Furniture & Fittings
- Loose Tools
- Boats & Launches
- Capital Work In Progress

Manufactured Capital contd.



Key Elements of our Manufactured Capital

Dry Docks

Colombo Dockyard PLC functions as an advanced maritime engineering facility, managing four graving dry docks capable of accommodating vessels up to 125,000 DWT. The shipyard is further supported by comprehensive repair berths and fully integrated workshop infrastructure designed to handle diverse marine engineering and fabrication requirements.



125,000_{DWT}

Our Capability

capable of accommodating vessels

Workshops

The shipyard maintains a comprehensive inventory of heavy steel processing and welding equipment, supporting large-scale fabrication activities. All piers and workshops are equipped with essential utility services such as oxygen, acetylene, and compressed air, along with powerful lighting systems that enable round-the-clock operations.



Cranes

Cranes are a key component of our manufactured capital, supporting the safe and efficient handling of heavy steel structures, machinery, and ship components across our dry docks, berths, and workshops. Our lifting infrastructure enhances productivity, reduces turnaround time, and ensures operational safety, thereby strengthening our overall service capability and value creation process.



Digital Infrastructure and Information Systems

At Colombo Dockyard PLC, our integrated digital infrastructure forms an essential component of manufactured capital, supporting operational, administrative, and strategic functions. Our enterprise systems enable key business areas including production, procurement, finance, human resources, compliance, and business intelligence through structured data management, controlled access, and analytical reporting, ensuring operational efficiency and informed decision-making.

A robust, multi-layered information security framework safeguards our systems and data through centralized network monitoring, endpoint and email protection, advanced threat detection, and secure encrypted backup solutions across on-premises and cloud environments.

With 28 years of ICT development, our in-house software capabilities continue to drive digital transformation, now strengthened through our fully owned subsidiary, Dockyard Total Solutions (Pvt) Ltd. In 2025, we further expanded into software outsourcing under “Dockyard Software,” targeting both local and international markets. Our digital excellence was recognized with Gold and Bronze awards at the National Best Quality Software Awards (NBQSA) 2025, and by representing Sri Lanka at the Asia Pacific ICT Alliance Awards 2025.

Natural Capital

Colombo Dockyard, natural capital represents the environmental resources and ecosystems that support our shipbuilding, ship repair, and heavy engineering operations, including energy, water, raw materials, air quality, and the marine environment. We recognise our responsibility to manage these resources sustainably and minimise environmental impacts. Our commitment is embedded through an Environmental Management System certified to ISO 14001:2015, which guides pollution prevention, responsible resource use, regulatory compliance, and continual improvement in environmental performance.



| Natural Capital | Units | Current Reporting Period (15 months) |
|-------------------|-------------------|--------------------------------------|
| Water Consumption | ML | 523 |
| Energy Usage | MJ | 66,909,568 |
| Energy Intensity | MJ/Repaired Ships | 415,587 |
| Waste | MT | 998.6 |
| Hazardous | MT | 931.4 |
| Non-Hazardous | MT | 67.2 |

Energy Management

Energy consumption is managed through a structured Energy Management System certified to ISO 50001:2018, enabling continuous monitoring, identification of improvement opportunities, and implementation of annual action plans. Company objectives and targets are set to reduce electricity and fuel consumption per man-hour, ensuring efficient use of energy across operations.

Waste Management

We manage all waste in accordance with our Environmental Management System, ensuring environmentally responsible collection, segregation, and disposal. All waste streams are tracked and handled to prevent environmental contamination, protect employees, and comply with regulations.

Waste Management Strategy

The Group adopts responsible waste management practices aimed at minimizing environmental impacts and promoting resource efficiency across its operations. Waste streams are managed through appropriate collection, segregation, recycling, and disposal processes in accordance with applicable regulatory requirements and internal environmental standards. The Company engages competent service providers where necessary and maintains oversight of waste handling activities to support environmental protection, operational efficiency, and compliance with relevant laws and regulations.

Water Management

Water is a critical resource for Colombo Dockyard PLC's operations. Water usage is monitored and managed under the ISO 14001:2015 Environmental Management System to ensure efficient consumption, prevent pollution, and protect the marine environment. In current financial period (15 Months), total water consumption was 523 ML, with ongoing initiatives focused on improving efficiency and environmental protection.

Commitment to Sustainable Operations

CDPLC continuously seeks opportunities to improve energy efficiency, reduce water consumption, and minimise waste generation. Through robust monitoring, certified management systems, and strict compliance with environmental regulations, we ensure that our operations protect natural capital while supporting sustainable growth.

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Social and Relationship Capital

At Colombo Dockyard PLC, strong relationships with customers, suppliers, communities, and national institutions form a vital pillar of our long-term value creation and business sustainability. These relationships are built on trust, transparency, technical excellence, and responsible corporate conduct.



Customer Relationships

Strong and enduring customer relationships are a key component of the Company's Social and Relationship Capital. CDPLC engages with customers across more than 40 foreign countries, reflecting long-standing international confidence in our shipbuilding, ship repair, and heavy engineering capabilities. Customer relationships are strengthened through transparent engagement, reliable delivery, quality workmanship, and strict compliance with international standards. Continuous communication and responsive after-service support foster long-term partnerships, contribute to repeat business, and support the sustainable growth of the Company.

Supplier Relationships

Colombo Dockyard PLC maintains strong and long-standing relationships with a diverse supplier base supporting shipbuilding, ship repair, heavy engineering, and offshore engineering operations. As at 31 March 2026, the Company engaged with over 900 local suppliers and more than 2,100 foreign suppliers, enabling access to specialised materials, advanced equipment, and global best practices.

Supplier selection and engagement are governed by structured procedures and rigorous standards covering quality, ethical conduct, safety, and regulatory compliance. Periodic supplier evaluations and audits further reinforce transparency, reliability, and long-term collaboration across the supply chain.

Community Engagement and Skills Development

As part of its commitment to community development and future workforce sustainability, CDPLC provides structured training and industrial exposure opportunities to external students across the island. The Company collaborates with recognised educational and vocational institutions, including National Apprentice and Industrial Training Authority and CINEC Campus, among others.

During current financial period over 1000 students benefited from on-the-job training and practical exposure within a technically intensive maritime and engineering environment. These initiatives contribute to national skills development while strengthening long-term stakeholder relationships and reinforcing responsible corporate citizenship.

Awards and External Recognition

The Company's commitment to operational excellence, value creation, and responsible stakeholder engagement was recognised through several prestigious national awards during 2025. CDPLC was honoured by the National Chamber of Exporters of Sri Lanka with the Best Value Added Exporter – Product Sector Award and Boat & Ship Building and repair services sector Extra Large Category Gold Award recognising its contribution to enhancing export value through advanced shipbuilding and engineering solutions.

Additionally, the Company received the Gold Award for Boat and Ship Building and Repair Services, further reinforcing its leadership within the maritime and heavy engineering export sector. CDPLC also achieved national-level recognition at the Presidential Export Awards, winning the Best Exporter Award in the Shipbuilding and Repair Category (2024/2025) at the 27th Presidential Export Awards. These accolades strengthen the Company's reputation, credibility, and long-term relationships across global markets.



Best Value Added Exporter – Product Sector Award



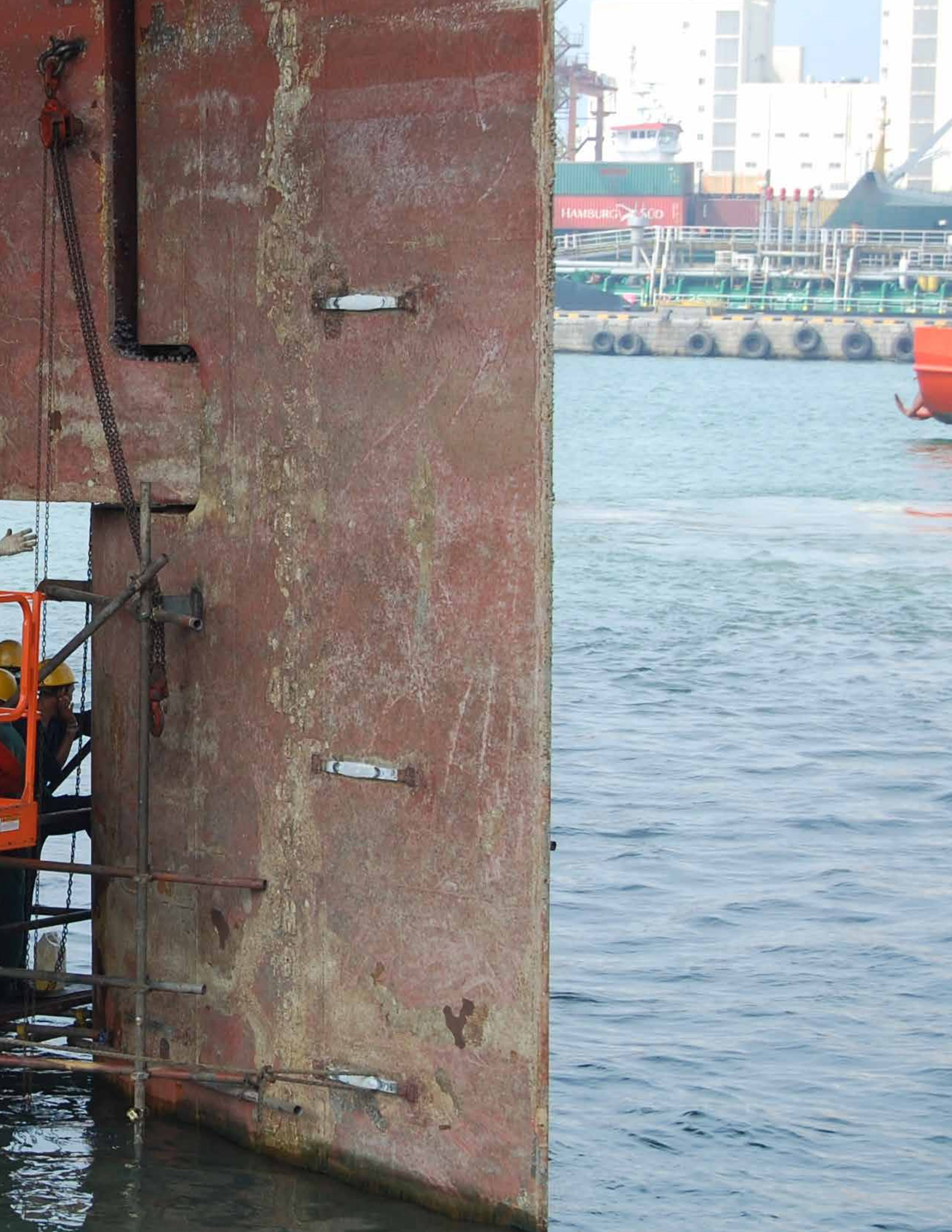
Boat & Ship Building and repair services sector Extra Large Category Gold



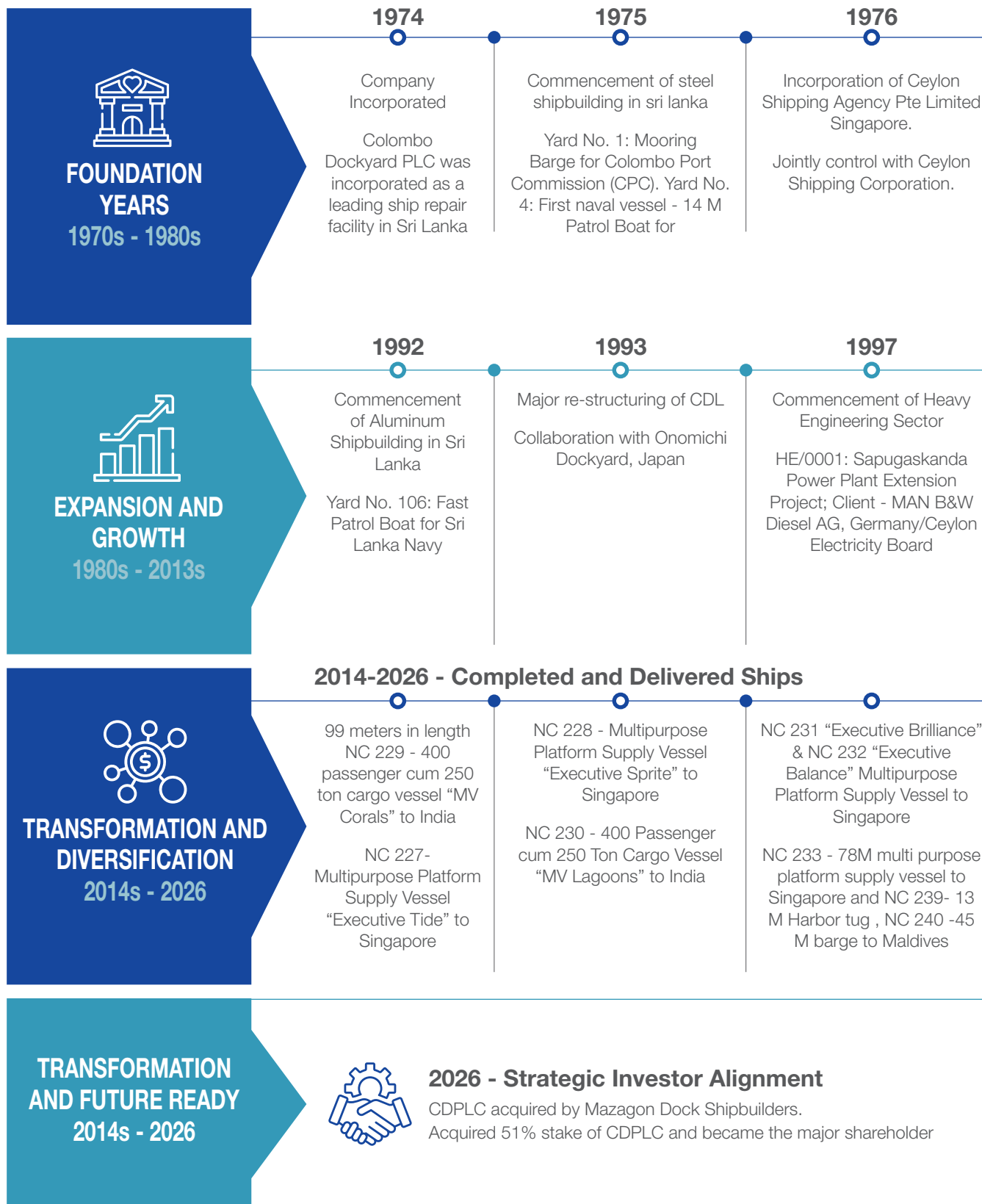
Best Exporter Award in the Shipbuilding and Repair Category (2024/2025) at the 27th Presidential Export Awards

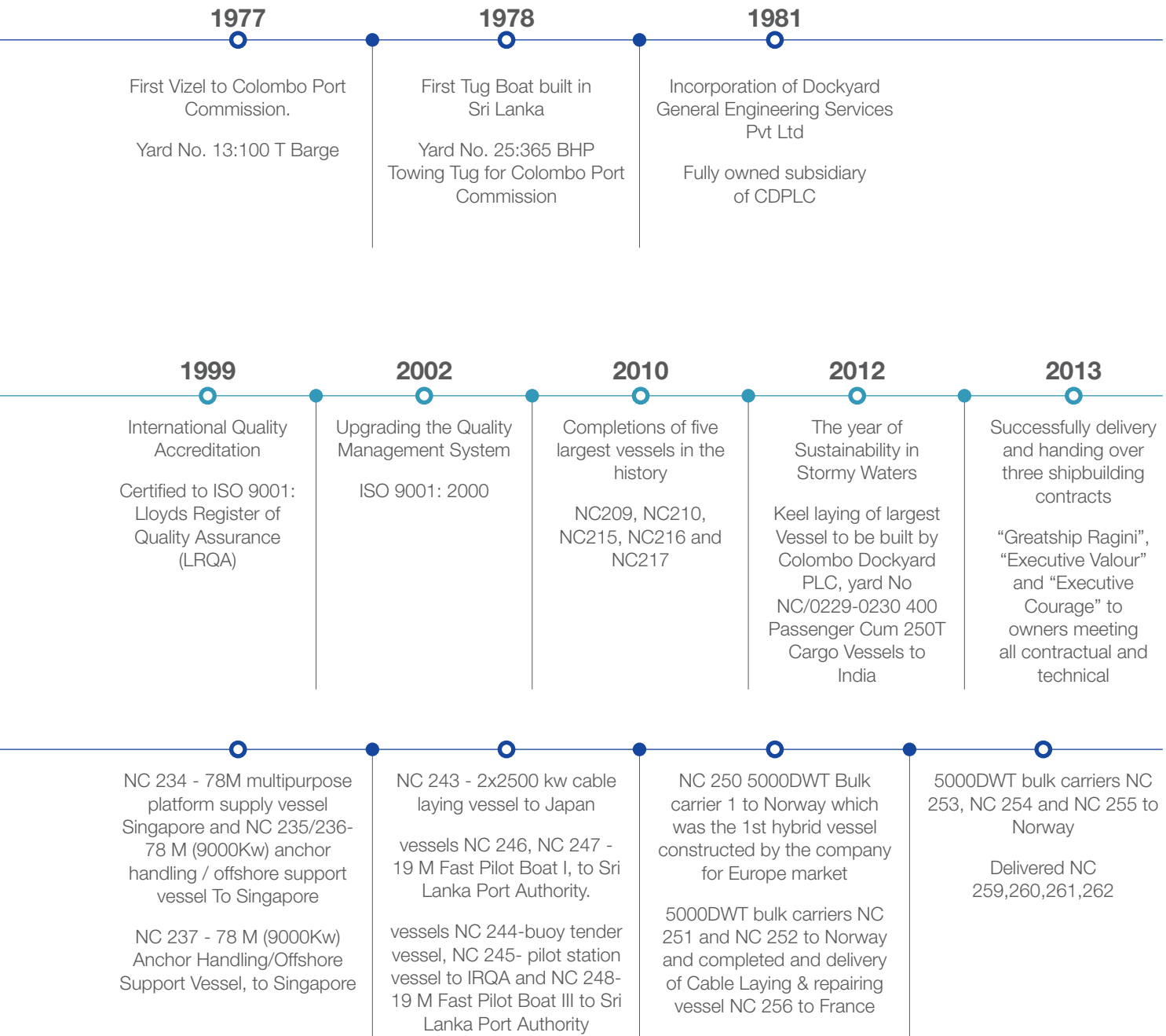
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Corporate Milestones





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2026 - Digital Transformation and Operational Excellence

Invested in digital systems and processes and implemented lean management systems

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.

1. Internal Risk

1.1 Operational Risk Management

1.1.1 Operational Risk

1.1.2 Labour Risk

1.1.3 Environmental Risk

1.1.4 Employee Health and Safety Risk

1.2 Information Technological Risk & Management

2. External Risk

2.1 Market Risk Management

2.2 Product Risk Management

2.3 Financial Risk Management

2.3.1 Interest Rate Risk

2.3.2 Foreign Exchange Risk

2.3.3 Liquidity Risk

2.3.4 Credit Risk

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

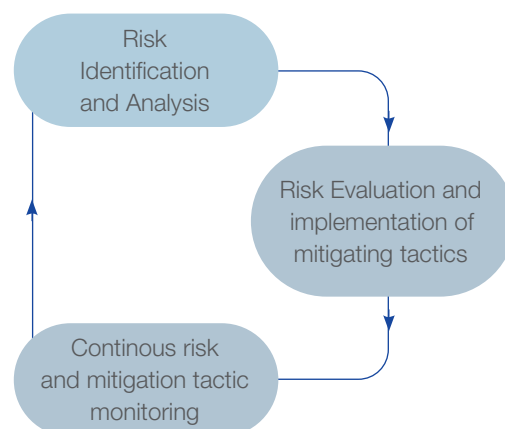
The marine and shipbuilding industry is naturally associated with high-risk conditions—often described as “3D” (dirty, dangerous, and difficult). Because of this, both internal and external risk factors demand continuous attention and active management. To address this, we engage every business division 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 presents 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.

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

Our Concern

1.1.2 Labour Risk

Risks arising from unionized labour, political motivations, need for change, dearth of skilled labour and low productivity Our Impact Labour unrest Industrial action Lower productivity Impact of wage negotiations

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Risk Management contd.

Our Response

Training and development, Grievance handling procedure, Engagement with unions, Consultative committee, welfare facilities for employees

1.1.3 Environmental Risk

Our Concern

Environmental impact from operations such as emissions, effluents and waste

Our Impact

Loss of business reputation Negative impact on social license Potential litigation

Our Response

The Health, Safety and Environmental policy of the company create a safety work environment, maintaining a high standard in occupational health and also of protecting the environment.

Obtained ISO 14001:2015 Environmental Management system certificate from LRQA Obtain ambient air measurement and stack emission certificates from government authorities.

1.1.4 Employees' health and safety Risk

Our Concern

The employees may expose to health and safety issue while working in the ship yard.

This can interrupt business operations and yard operation

Our Impact

Reduce productivity, revenue, cash flow and profitability. Immobility of labour for operation High operations costs

Our Response

The Health, Safety and Environmental policy of the company create a safety work environment, maintaining a high standard in occupational health and also of protecting the environment

Obtained ISO 45001-2018 Health and Safety Certificate

1.2 Information Technological Risk & Management

Our Concern

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

Our Impact

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

Our Response

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

02. EXTERNAL RISK

2.1 Market Risk Management

Our Concern

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

and productivity), flexible labor laws, supportive tariff structure, comparatively low energy costs and Government subsidies amongst others.

Our Impact

The pressure from international price competition on our Ship repairs, Shipbuilding and Offshore Engineering market share too will have a serious impact on business generation. The absence of protectionism in the local market and severe competition on Heavy Engineering business by other local contenders too affect the generation of business volumes and price.

The country risk, attributed by the security situation, though completely beyond the control of the company, is covered by financial instruments, satisfying and easing the prospective customers, where eventually, the payments made are refundable, on demand.

Our Response

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

2.2 Product Risk Management

Our Concern

Our core business operations, of building ships, repairing ships, offshore and heavy engineering, is to acceptable quality and to international standards. As such, we have to align ourselves continually with new technological

developments and other requirements, rules and regulations, for our products to be marketable and services acceptable

Our Impact

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

Our Response

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

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

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

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

Our Concern

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

Our Impact

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

Our Response

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

2.3.2 Foreign Exchange Risk

Our Concern

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

Our Impact

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

Our Response

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

2.3.3 Liquidity Risk

Our Concern

The Group manages its working capital requirements with the view to minimize the cost and maintain a healthy level of liquidity appropriate to the operating environment and expected cash flow of the Group.

Working capital requirements are maintained within the credit facilities established and are adequate and available to the Group to meet its obligations.

Our Impact

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

Our Response

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

Our Concern

2.3.4 Credit Risk

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

Our Impact

Possibility of incurring bad and doubtful debts and cost increases

Our Response

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



COLOMBO DOCKYARD PLC

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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 period 1st January 2025 to 31st March 2026 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 ten Directors; Nine of them are Non-Executive Directors.

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

All Non Executive Directors submit a Declaration annually to the Board regarding their independence. Non-executive Directors, Mr. Chatura Wickramatileka, Mr. Chanaka Jayamaha and Mrs. Dilrukshi Kurukulasuriya. 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.

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 |
|------------------------------|-----------------------|---------------------|-------------------------------|
| Capt. Jagmohan, IN (Retd.) | Chairman | 24th February 2026 | Non-executive/Non-Independent |
| Mr.Thimira S. Godakumbura | Managing Director/CEO | 19th April 2023 | Executive Director |
| Shri Biju George | Director | 24th February 2026 | Non-executive/Non-Independent |
| Shri Ruchir Agrawal | Director | 24th February 2026 | Non-executive/Non-Independent |
| Mr.Vish Govindasamy | Director | 7th April 2026 | Non-executive/Non-Independent |
| Mr.S. Senthil Nandhanan | Director | 7th April 2026 | Non-executive/Non-Independent |
| Mr.Chaminda Gunasinghe | Director | 1st October 2025 | Non-executive/Non-Independent |
| Mr.Chatara Wickramatileka | Director | 21st December 2023 | Non-executive/Independent |
| Mr.Chanaka Jayamaha | Director | 6th March 2024 | Non-executive/Independent |
| Mrs.Dilrukshi Kurukulasuriya | Director | 19th May 2026 | Non-executive/Independent |

| Board Members | Audit and Risk Assessment Committee | Remuneration Committee | Related Party Transaction Review Committee | Nomination and Governance Committee |
|----------------------------------|-------------------------------------|------------------------|--|-------------------------------------|
| Mr. Chatara Wickramatileka (ACA) | Chairman | Member | Member | Chairman |
| Mr. Chanaka Jayamaha | Member | Chairman | Chairman | Member |
| Shri Ruchir Agrawal | Member | Member | Member | Member |
| Shri Biju George | - | Member | Member | 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 and 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.

Corporate Governance contd.

Board meeting attendance details are given in below table:

| Name | Jan-25 | Feb-25 | Mar-25 (3 Meetings) | Apr-25 | May-25 | Jun-25 | Jul-25 (2 meetings) | Aug-25(2 meetings) | Sep-25 | Oct-25(3 meeting) | Nov-25 | Dec-25 (2 meetings) | Jan-26 (2 meetings) | Feb-26 (2 meetings) | Mar-26 |
|--|--------|--------|---------------------|--------|--------|--------|---------------------|--------------------|--------|-------------------|--------|---------------------|---------------------|---------------------|--------|
| Mr. Lalith Ganiath (Resigned 3rd April 2026) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Sarath de Costa (Resigned on 6th April 2026) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Mr. Thimira S. Godakumbura | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Chathura Wickramatileka | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Chanaka Jayamaha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr.V. G. L. A. Jayawardena (Resigned on 30th September 2025) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - | - | - | - | - |
| Mr. Nihal D. Liyanage (Resigned on 24th Feb 2025) | ✓ | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Chaminda Gunasinghe | - | - | - | - | - | - | - | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Gihan Ravinatha (Resigned on 3rd April 2026) | - | - | - | - | - | - | - | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Capt. Jagmohan, IN (Retd.) | - | - | - | - | - | - | - | - | - | - | - | - | - | ✓ | ✓ |
| Shri Ruchir Agrawal | - | - | - | - | - | - | - | - | - | - | - | - | - | ✓ | ✓ |
| Shri Biju George | - | - | - | - | - | - | - | - | - | - | - | - | - | ✓ | ✓ |

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 an 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 and a Fellow member of the Institute of Chartered Accountants of Sri Lanka

AUDIT AND RISK ASSESSMENT COMMITTEE

The Audit and Risk Assessment Committee comprises of three Non-Executive Directors of whom two directors are Non-executive/ Independent , namely Mr. Chatura Wickramatileka (Chairman), who is an Associate member of Institute of Chartered Accountant of Sri Lanka and Mr. Chanaka Jayamaha and Shri Ruchir Agrawal nominated by Mazagon Dock Shipbuilders Limited.

Report of the Audit and Risk Assessment Committee

Page no 108 contains the Report of the Audit and Risk Assessment Committee.

During the period under review the Committee met on eight occasions and the Audit and Risk Assessment Committee meeting attendance details are given in below table

| Name | January 2025 | March 2025 | May 2025 | June 2025 | August 2025 | November 2025 | February 2026 | February 2026 |
|---|--------------|------------|----------|-----------|-------------|---------------|---------------|---------------|
| Mr. Chatura Wickramatileka | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Chanaka Jayamaha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Nihal D. Liyanage (Resigned on 24th February 2025) | ✓ | - | - | - | - | - | - | - |
| Mr.V. G. L. A. Jayawardena (Resigned on 30th November 2025) | - | ✓ | ✓ | ✓ | ✓ | ✓ | - | - |
| Shri Ruchir Agrawal | - | - | - | - | - | - | ✓ | ✓ |

Corporate Governance *contd.*

REMUNERATION COMMITTEE

The Remuneration Committee comprises of four Non-Executive Directors, namely Mr. Chanaka Jayamaha (Chairman), Mr. Chatura Wickramatileka, Shri Biju George and Shri Ruchir Agrawal.

Report of the Remuneration Committee Policy

The page no 110 contains the Report of the Remuneration Committee.

During the period under review the Committee met on six occasions and the Remuneration Committee meeting attendance details are given in below table

| Name | January 2025 | February 2025 | May 2025 | July 2025 | December 2025 | February 2026 |
|--|--------------|---------------|----------|-----------|---------------|---------------|
| Mr. Chatura Wickramatileka | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Chanaka Jayamaha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Lalith Ganlath (Resigned 3rd April 2026) | ✓ | ✓ | ✓ | ✓ | ✓ | - |
| Shri Biju George | - | - | - | - | ✓ | ✓ |
| Shri Ruchir Agrawal | - | - | - | - | ✓ | ✓ |

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee comprises of Four Non-Executive Directors, namely Mr. Chanaka Jayamaha (Chairman), who is an independent director, Mr. Chatura Wickramatileka (independent), Shri Ruchir Agrawal, Shri Biju George and one executive director namely Mr. Thimira S. Godakumbura, Managing Director/CEO of the company.

During the period under review the Committee met on Two 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.

Report of the Related Party Transaction Review Committee

Page no 111 contains the Report of the Related Party Transaction Review Committee.

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

| Name | December 2025 | February 2026 |
|----------------------------|---------------|---------------|
| Mr. Chatura Wickramatileka | ✓ | ✓ |
| Mr. Chanaka Jayamaha | ✓ | ✓ |
| Mr. Thimira S. Godakumbura | - | ✓ |
| Shri Biju George | - | ✓ |
| Shri Ruchir Agrawal | - | ✓ |

NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance Committee comprises of four Non-Executive Directors, namely Mr. Chatura Wickramatileka (Chairman), Mr. Mr. Chanaka Jayamaha, Shri Biju George and Shri Ruchir Agrawal.

Report of the Nomination and Governance Committee

Page no 113 contains the Report of the Nomination and Governance Committee.

During the period under review the Committee met on four occasions Nomination and Governance Committee meeting attendance details are given in below table

| Name | March 2025 | October 2025 | February 2026 | February 2026 |
|--|------------|--------------|---------------|---------------|
| Mr. Chatura Wickramatileka | ✓ | ✓ | ✓ | ✓ |
| Mr. Chanaka Jayamaha | ✓ | ✓ | ✓ | ✓ |
| Mr. Lalith Ganlath (Resigned 3rd April 2026) | ✓ | ✓ | ✓ | - |
| Mr. Sarath de Costa (Resigned on 6th April 2026) | ✓ | ✓ | ✓ | |
| Shri Biju George | - | ✓ | - | - |
| Shri Ruchir Agrawal | - | ✓ | - | - |

ANNUAL GENERAL MEETING

The Company's 42nd Annual General Meeting (AGM) was held on 30th June 2025 at the AGM, 146 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 2024 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 pass the ordinary resolution to reappoint Mr. V. G. L. A. Jayawardena who retired 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
- ▶ Appointment of KPMG, Chartered Accountants as the External Auditors of the Company for 2025 and to authorize the Directors to approve their remuneration
- ▶ To authorize the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting

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.

Corporate Governance contd.

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).

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.

POLICIES

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.cdl.lk) maintained by the Company offers macro level information of the Company to interested persons. The Board of Directors of the Company always encourages its shareholders to attend and actively take part in the AGM. The Board of Directors have arranged a special corporate Management team to be available at the AGM to answer any queries raised by shareholders.

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 | 117 |
| 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 | 5-6 |
| 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 | 60-63 |
| 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 | 94 |
| 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 | 101 |

Corporate Governance *contd.*

| Subject | Rule No | Compliance status | | Details | Page No |
|---|---------|---|----------|---|---------|
| 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 | 101 |
| 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 | 97-99 |
| 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 | 101 |
| 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 | 101 |
| 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 | 97 |

| Subject | Rule No | Compliance status | | Details | Page No |
|--|----------------------------|---|----------|---|---------|
| 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 | 97 |
| 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 | 95 |
| 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 | 95 |
| 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 | 20-25 |
| 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 | 113 |
| 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 | 113 |
| Functions of Composition of Nominations and Governance Committee | 9.11.5 | Functions of the Nominations and Governance Committee | Complied | Nominations and Governance Committee report | 113 |

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| Subject | Rule No | Compliance status | | Details | Page No |
|---|------------|---|----------|--|---------|
| 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 | 113 |
| Composition of Remuneration Committee | 9.12.6 | The company shall members of the Remuneration Committee as specified by the rule | Complied | Remuneration Committee report | 110 |
| 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 | Audit Committee report | 108 |
| Composition Audit and Risk Assessment Committee | 9.13.3 (1) | The company shall appoint members of the Audit and Risk Assessment Committee as specified by the rule | Complied | Audit and Risk Assessment Committee report | 108 |
| Disclosure in the Annual report regarding the Audit and Risk Assessment Committee | 9.13.1 | The company shall disclose the details of Audit and Risk Assessment Committee as specified in the rule 9.12.8 | Complied | Audit and Risk Assessment Committee report | 108 |
| Audit and Risk Assessment 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 and Risk Assessment Committee report | 108 |
| 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 | 111 |
| 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 | 111 |

| Subject | Rule No | Compliance status | | Details | Page No |
|---|-----------------|---|--|--|---------|
| 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 | 11 |
| 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 during the period under review Rs. 3,319 Mn The aggregate value of recurrent related party transaction during the period under review is Rs. 2,366 Mn | Related Party Transactions Review Committee report | 112 |
| 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 | 111 |
| 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 | 118-122 |

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| Subject | Rule No | Compliance status | | Details | Page No |
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| | 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 | 118-122 |
| | 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 | 118-122 |
| | 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 | 118-122 |

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 | 95 |
| A.1.1 | Regular Board meetings, provide information to the Board on a structured and regular basis | Board Meetings | Complied | 96-99 |
| A.1.2 | Roles & Responsibilities of the Board | The Role of the Board | Complied | 94 |
| A.1.3 | Compliance & Independent Professional Advice | The Board of Directors | Complied | 94 |
| A.1.4 | Access to advice and services of Company Secretary | The Board of Directors | Complied | 100 |
| A.1.5 | Independent Judgement | The Board of Directors | Complied | 94 |
| A.1.6 | Dedicate Adequate Time and Effort | The Board of Directors | Complied | 94 |
| A.1.7 | Calls for Resolutions | The Board of Directors | Complied | 94 |
| A.2 | Chairman & Chief Executive Officer | Role of Chairman and CEO | Complied | 97 |
| A.3 | Chairman's Role in Preserving Good Corporate Governance | Role of Chairman and CEO | Complied | 97 |
| A.4 | Availability of Financial Acumen | Financial Acumen | Complied | 97 |
| A.5 | Board Balance | Composition of the Board | Complied | |

| Code Ref | Requirement | Reference | Complied | Page Ref |
|----------------|---|--|----------|----------|
| A 5.1 & A 5.2 | Independent Non-Executive Directors | Composition of the Board | Complied | 95 |
| A.5.3 | Director's Independency | Composition of the Board | Complied | 95 |
| A.5.4 | Annual Declaration | The Board of Directors | Complied | 95 |
| A.5.5 | Annual determination of independence of Non Executive Directors | The Board of Directors | Complied | 95 |
| A.6 | Provision of Appropriate and Timely Information | Communication with Shareholders | Complied | 101 |
| A.7 | Appointments to the Board- Nomination Committee | Nominations and Governance Committee report | Complied | 113 |
| A.7.1 | Composition of Nomination Committee | Nominations and Governance Committee report | Complied | 113 |
| A.7.2 | Annual assessment of Board composition | Complied | | 95 |
| 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 | 20-25 |
| B.1 | Directors' Remuneration | Remuneration Committee | Complied | 110 |
| B.3 | Disclosures related to Remuneration in Annual Report | Note No 08 | Complied | 110 |
| C.1 | Constructive use of the AGM & conduct of General Meetings | Annual General Meeting | Complied | 99 |
| C.2 | Communication with shareholders | Communication with Shareholders | Complied | 101 |
| 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 | 88 |
| D.3 | Audit Committee | Audit Committee Report | Complied | 108 |
| D.5 | Related Party Transactions Review Committee | Related Party Transactions Review Committee Report | Complied | 111 |

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Audit and Risk Assessment Committee Report

The Audit and Risk Assessment committee plays a vital role in strengthening corporate governance by promoting transparency, accountability, and ethical conduct across the organization. It Comprised majority of Independent Directors with diverse professional expertise, the Committee provides effective oversight of financial reporting, risk management, and internal control systems while safeguarding the interests of shareholders through informed guidance and collaborative decision-making.

The primary objective of the Audit and Risk Assessment committee is to strengthen the integrity and dependability of financial reporting, support effective risk oversight, and promote compliance with applicable regulatory and ethical requirements. In line with these responsibilities, the Committee operates in accordance with the terms of reference set out in the Audit and Risk Assessment committee.

The key responsibilities includes following:

- ▶ Monitoring the effectiveness of the Company's internal control framework and risk management mechanisms to ensure the protection of assets, regulatory compliance, and the implementation of adequate control procedures.
- ▶ Evaluating and overseeing the Company's exposure to key risks, including financial, operational, strategic, sustainability, and compliance-related risks. This includes reviewing risk management frameworks and ensuring suitable mitigation measures are established beyond minimum regulatory expectations.
- ▶ Reviewing the adequacy of financial reporting processes, the appropriateness of accounting policies adopted, and compliance with applicable statutory and regulatory requirements.
- ▶ Assessing the Company's adherence to legal, regulatory, and internal policy requirements, while monitoring developments in laws and industry regulations that may affect business operations.
- ▶ Supervising the external audit function, including the assessment of the auditor's independence, qualifications, audit scope, and the overall effectiveness and quality of audit services provided.
- ▶ Encouraging a strong culture of ethics, integrity, and accountability throughout the organization by overseeing compliance with the Company's code of conduct and ethical principles.

- ▶ Establishing and maintaining mechanisms that enable employees to confidentially report concerns relating to accounting practices, internal controls, or other matters without fear of retaliation.

COMPOSITION OF THE COMMITTEE

Mr. Chatura Wickramatileka (Chairman)
Mr. Chanaka Jayamaha
Shri Ruchir Agrawal

MEETINGS

Eight meetings were held during the period 01st January 2025 to 31st March 2026 and attendance details are given in the page 97.

COMMITTEE ACTIVITIES

The Committee reviewed the effectiveness of internal control systems across key operational and financial areas of the Company, and recommendations arising from these reviews were submitted to the Board for necessary implementation. As a result, identified gaps and control weaknesses were addressed through process enhancements and the engagement of expertise where required.

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

On behalf of the Committee



Chatura Wickramatileka

Chairman

Audit and Risk Assessment committee

03rd June 2026

Colombo, Sri Lanka

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Remuneration Committee Report

Report of the Remuneration Committee Policy

The Board Remuneration Committee plays a critical role in ensuring that the Groups compensation practices are fair, transparent, and aligned with the interests of our shareholders while fulfilling employee expectations.

The Composition of the Committee is as follows:

Mr. Chanaka Jayamaha (Chairman)

Mr. Chatura Wickramatileka

Shri Ruchir Agrawal

Shri Biju George

Meetings

Six meetings were held during 01st January 2025 to 31st March 2026 and attendance details are given in the page 98.

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. The aggregate remuneration paid to the executive and non-executive Directors are given in Note 37 to the Financial Statements.

Remuneration Policy

The policy takes into consideration potential risks that may arise from ineffective or inappropriate remuneration structures and incorporates suitable governance measures to mitigate such exposures. Through the effective implementation of the Remuneration Policy, the Company seeks to foster a positive, inclusive, and performance-oriented work environment that supports employee engagement, development, retention, and the provision of meaningful employment opportunities across the Group.



Chanaka Jayamaha
Chairman

Remuneration Committee
03rd June 2026
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.Chanaka Jayamaha (Chairman)
Mr.Chatura Wickramatileka
Mr.Thimira S. Godakumbura
Shri Ruchir Agrawal
Shri Biju George

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.

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Recurrent Related Party Transactions

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

Meetings

Two Meetings were held during the period 01st January 2025 to 31st March 2026 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 98.

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.



Chanaka Jayamaha
Chairman
Related Party Transaction Review
Committee

3rd June 2026
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 four Non-Executive Directors

Mr. Chatura Wickramatileka (Chairman)

Mr. Chanaka Jayamaha

Shri Ruchir Agrawal

Shri Biju George

Meetings

Four Meetings were held during the period 01st January 2025 to 31st March 2026

Duties of the Nominations and Governance Committee

- ▶ The Nominations and Governance Committee evaluates and recommends the appointment, reappointment 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.



Chatura Wickramatileka
Chairman
Nominations and Governance
Committee

3rd June 2026
Colombo , Sri Lanka

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 fifteen months period ending 31st March 2026 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 fifteen months period ending 31st March 2026, the Company achieved total revenue of Rs.33,190.0 Mn (2024 - Rs. 23,695.5 Mn) and net loss of 2,631.1 Rs. Mn. (2024 - Net Loss Rs. 2,757.4 Mn) leaving the shareholders' Value (Post rights issue) with Rs.12,961.6Mn (2024 - Rs. . 2,700.7 Mn).

DIVIDEND APPROVED

No dividend has been approved for the fifteen months period ending 31st March 2026 (2024 – 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 for the fifteen months period ending 31st March 2026 (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 | 5th Quarter | 01.01.2025 to 31.03.2026 | 2024 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|--------------------------------|---------|
| | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn |
| Revenue | 6,537 | 5,755 | 6,927 | 6,921 | 7,049 | 33,190 | 23,695 |
| Gross Profit/(Loss) | 583 | 245 | 750 | 1,085 | 999 | 3,654 | 119 |
| Profit/(Loss) after Tax | (641) | (794) | (635) | (184) | (375) | (2,631) | (2,757) |
| Shareholders' Fund | 2,140 | 1,264 | 629 | 434 | 12,962 | 12,962 | 2,700 |
| Total Assets | 40,712 | 37,523 | 34,338 | 33,193 | 34,842 | 34,842 | 40,310 |

SHAREHOLDERS INFORMATION

Share Capital

| | 2026-03-31 | 2024-12-31 |
|------------------------|------------------|------------------|
| Stated Capital Rs. | 13,653,195,560 | 714,395,757 |
| Number of Shares | 395,224,082 | 71,858,924 |
| Number of Shareholders | 12,685 | 5,249 |
| Voting Rights | 1 Vote per Share | 1 Vote per Share |
| Class of Shares | Ordinary Share | Ordinary Share |

Distributing of Shareholding as at 31st March 2026

(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 | 9,202 | 1,890,514 | 0.47 |
| 1,001 | 10,000 | 2,641 | 9,250,018 | 2.34 |
| 10,001 | 100,000 | 717 | 20,662,708 | 5.22 |
| 100,001 | 1,000,000 | 106 | 29,932,817 | 7.57 |
| 1,000,001 above | | 19 | 333,488,025 | 84.37 |
| | | 12,685 | 395,224,082 | 100.00 |

Shareholder Information contd.

List of Largest 20 Shareholders as at 31st March 2026

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

| No | Name | 2026.03.31 | % | 2024.12.31 | % |
|----|---|-------------|--------|------------|--------|
| 1 | MAZAGON DOCK SHIPBUILDERS LIMITED | 201,565,500 | 51.00 | - | |
| 2 | SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD | 39,550,823 | 10.01 | - | |
| 3 | SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND | 19,801,014 | 5.01 | 3,536,548 | 4.92 |
| 4 | SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND | 19,761,489 | 5.00 | 3,592,998 | 5.00 |
| 5 | SEYLAN BANK PLC/A.C.SENANKA | 8,942,100 | 2.26 | - | |
| 6 | MR. O. SENANAYAKE & MR. D.R.PEIRIS,MR. S.P.PERERA | 8,659,710 | 2.19 | - | |
| 7 | RANAVAV HOLDINGS (PVT) LTD | 5,898,198 | 1.49 | - | |
| 8 | MR. G.B.D. THILAKARATNE | 4,487,140 | 1.14 | - | |
| 9 | MR. S.P. PERERA | 4,433,663 | 1.12 | - | |
| 10 | PEOPLE S LEASING AND FINANCE PLC/S.P.PERERA | 3,179,205 | 0.80 | - | |
| 11 | PEOPLE S LEASING AND FINANCE PLC/O. SENANAYAKE&D.R.PIERIS&S.P.PERERA | 3,045,773 | 0.77 | - | |
| 12 | EMPLOYEES TRUST FUND BOARD | 2,505,869 | 0.63 | - | |
| 13 | LOLC FINANCE PLC/R.MAGDON ISMAIL | 2,329,442 | 0.59 | - | |
| 14 | SRI LANKA PORTS AUTHORITY | 2,186,191 | 0.55 | 2,186,191 | 3.04 |
| 15 | SEYLAN BANK PLC/O.SENANAYAKE | 1,931,483 | 0.49 | - | |
| 16 | NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD | 1,621,303 | 0.41 | - | |
| 17 | SEYLAN BANK PLC/JAVA CAPITAL (PRIVATE) LIMITED | 1,500,000 | 0.38 | - | |
| 18 | MR. A.P.L. FERNANDO | 1,045,000 | 0.26 | - | |
| 19 | MR. D.R. PIERIS | 1,044,122 | 0.26 | - | |
| 20 | MR. A.S.A. FERNANDO | 1,000,000 | 0.25 | - | |
| | | 334,488,025 | 84.63 | 9,315,737 | 12.96 |
| | Others | 60,736,057 | 15.37 | 62,543,177 | 87.04 |
| | | 395,224,082 | 100.00 | 71,858,914 | 100.00 |

Composition of Shareholding

The total number of shareholders of CDPLC is 12,685 as at 31st March 2026, which is 142% increase compared to 5,249 as at 31st March 2026.

| Category | No of Shareholders | No of Shares | % |
|----------------------|--------------------|--------------|--------|
| Local Individuals | 12,106 | 60,647,165 | 15.34 |
| Local Institutions | 472 | 131,950,141 | 33.38 |
| Foreign Individuals | 102 | 1,012,651 | 0.25 |
| Foreign Institutions | 5 | 201,614,125 | 51.03 |
| Total | 12,685 | 395,224,082 | 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 31st March 2026, the share price of Colombo Dockyard PLC recorded a increase of 86% (Rs.56.35) compared to the previous year's closing price

| Market price per Share | As at 2026.03.31 | As at 2024-12-31 |
|-------------------------|------------------------|-----------------------|
| Highest during the year | Rs.125.00 (31/03/2026) | Rs.70.00(31/12/2024) |
| Lowest during the year | Rs.120.00 (31/03/2026) | Rs.41.00 (23/09/2024) |
| As at end of the year | Rs. 122.25 | Rs. 65.90 |

Market Capitalization

CDPLC has recorded its market capitalization as at the balance sheet date of 31st March 2026 as Rs. 48,316.1 Mn (2024 – Rs. 4,735.5Mn.).

| Shares Trading | As at 2026-03-31 | As at 2024-12-31 |
|-----------------------------|-------------------|------------------|
| No of Transaction | 207,112 | 6,634 |
| No of Shares traded | 227,140,484 | 6,161,964 |
| Value of Share traded (Rs.) | 35,370,709,222.05 | 334,430,656.5 |

Earnings per Share

The Earnings Per Share (EPS) for the period ended 31st March 2026 was recorded at (Rs. 10.25), showing a 14% improvement compared to the previous year's EPS of (Rs. 11.96). 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 31st March 2026 is 48.99% (2024 – 48.94%). Number of public shareholders as at 31st March 2026 was 12,679. The Float adjusted market capitalization of the Company falls under Option 1 of Rule 7.13.1 (i)(a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement

Float Adjusted Market Capitalization

The float adjusted market capitalization as at 31st March 2026 was Rs. 23,673,951,865.50 with reference to rule no. 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange.

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 period 01st January 2025 to 31st March 2026, 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 30th April 2026. 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 12 to 14 and Managing Director/CEO's Review on pages 16 to 19 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 12 to 14 and Managing Director/CEO's Review (pages 16 to 19).

Financial Statements

After obtaining the necessary approvals, the Company changed its financial year-end from 31 December to 31 March. Accordingly, the current financial period covers a period of fifteen (15) months from 1 January 2025 to 31 March 2026.

The Financial Statement of the Company and the Group for the period 01st January 2025 to 31st March 2026 are

duly certified by the General Manager (Finance)/Chief Financial Officer and approved by Managing Director /(CEO) together with the Company Secretary in complying with the Companies Act No. 07 of 2007 are given on pages 133 to 188 of this Annual Report.

Auditors' Report

Company Auditors, KPMG, performed the audit on the Consolidated Financial Statements for the period 01st January 2025 to 31st March 2026, and the Auditors' Report issued thereon is given on pages 129 to 132 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 139 to 153 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 |

Rights Issue and Mandatory Offer

The successful completion of right issue, proposed debts restructuring Company successfully completed its Rights Issue in January 2026, raising new equity amounting to Rs. 12,935 million through the issuance of 323,365,158 new shares at a price of Rs. 40 per share. Following the completion of the Mandatory Offer in March 2026, Mazagon Dock Shipbuilders Limited (MDL), a publicly listed Indian state-owned enterprise on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), became the majority shareholder of the Company, holding

a 51% stake. This partnership brings considerable strategic capabilities, financial strengths, and technical expertise, positioning the Group for sustained growth and long-term success.

Going Concern of the Company

The successful completion of right issue, proposed debts restructuring 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).

Gross Income of the Group and the Company

The revenue of the Group during the 01st January 2025 to 31st March 2026 was Rs.36,196.0 Mn (2024 - Rs. 25,447.0 Mn), while the Company's revenue was Rs.33,190.0 Mn (2024 - Rs. 23,695.5 Mn) Analysis of the revenue is given in Note 05 to the Financial Statement on pages 154 to 155 of this Annual Report.

Group Reserves

Total Group Retained Earning Reserves at 31st March 2026, was amounted to (Rs.9,348.0 Mn) (2024 - (Rs. 6,573.3 Mn)). The movements of the Reserves during the year are shown in the Statements of Changes in Equity on pages 135 to 136 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 9 on page 157.

Dividends

No dividend has been declared for the period 01st January 2025 to 31st March 2026 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 114 to 117.

Property, Plant & Equipment

The Group's total capital expenditure on acquisition of Property, Plant and Equipment during the period 01st January 2025 to 31st March 2026 amounted to Rs.843.9 Mn (2024 - Rs. 382.4 Mn). The extent of the freehold lands held by the Group as at the balance sheet date is 1,103.7 perch (2024 - 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 161.

Market Value of Freehold Properties

The net book value of freehold properties owned by the Group as at 31st March 2026 is included in the accounts at Rs. 20,831.1Mn (2024 - Rs.

20,880.1 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 Withanarachchi Associates (Pvt) Ltd, as at 31 December 2024 The details of freehold lands owned by the Group are given in page 163 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 from 01st January 2025 to 31st March 2026.

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 period 01st January 2025 to 31st March 2026 was Nil (2024 - 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

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

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 period 01st January 2025 to 31st March 2026 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 139 to 155 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

Capt. Jagmohan (Retd.) (Chairman)

Shri Ruchir Agrawal
Shri Biju George
Mr. Vish Govindasamy
Mr. Chatura Wickramatileka
Mr. Chanaka Jayamaha
Mr. Chaminda Gunasinghe
Mr. S. Senthil Nandhanan
Mrs. Dilrukshi Kurukulasuriya

Directorate

The Board of Directors of Colombo Dockyard PLC, as at the date of this report, is as set out on page 20 of the Annual Report. The change in the directorate from the date of the last report to this report is as follows.

Mr. Aloka Jayawardena who was appointed as a Nominee Director of Sri Lanka Insurance Corporation Limited (SLIC) on the 9th of July 2020 resigned on the 30th of September 2025 and Mr. Chaminda Gunasinghe was appointed in place of Mr. Jayawardena as Nominee Director of SLIC with effect from 1st October 2025.

Capt. Jagmohan (Retd.), Shri Ruchir Agrawal and Shri Biju George were appointed as Nominee Directors of Mazagon Dock Shipbuilders Limited with effect from 24th of February 2026. Capt. Jagmohan (Retd.) was appointed as the Chairman of the Company (non-executive) with effect from 7th of April 2026 in terms of the Articles of Association of the Company.

Mr. Lalith Ganlath and Mr. Sarath de Costa who served as directors on the Board since 21st June 1993 resigned with effect from 3rd of April 2026 and 6th of April 2026 respectively, to facilitate the appointment of nominees from Mazagon Dock Shipbuilders Ltd to the Board and to reconstitute the Board in compliance with the regulatory requirements and in line with the provisions of the Articles of Association of the Company.

Mr. Gihan Ravinatha who was appointed as an executive director to the board on the 1st of October 2025 resigned with effect from 3rd April 2026 to facilitate the appointment of nominees from Mazagon Dock Shipbuilders Ltd to the Board and to reconstitute the Board in compliance with the regulatory requirements and in line with the provisions of the Articles of Association of the Company.

Mr. Vish Govindasamy was appointed as a Nominee Director of Mazagon Dock Shipbuilders Limited with effect from 7th of April 2026.

Mr. S. Senthil Nandhanan was appointed as the Nominee Director of Senthilveri Holdings (Pvt) Ltd with effect from 7th of April 2026, in terms of the Articles of Association of the Company.

Mrs. Dilrukshi Kurukulasuriya was appointed as an Independent Director of the Company with effect from 19th of May 2026.

Mr. Chatura Wickramatileka and Mr. Chanaka Jayamaha will retire from office at the Annual General Meeting to be held on the 25th of June 2026 by rotation and retain office until the close of the AGM, including any adjournment thereof. They shall be eligible for re-election in terms of the Articles of Association of the Company. The said re-appointments have been reviewed by the Nomination and Governance Committee.

As per the Articles of Association of the Company the 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 96, to 99 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 March 2026:

| | 2026.03.31 | 2024-12-31 |
|----------------------------|------------|------------|
| Mr. Chatura Wickramatileka | 5,500 | 1,000 |
| Mr. Lalith Ganlath | 551 | 578 |

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 Period 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 186, 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 and Risk Assessment Committee, Remuneration Committees, Nomination and Governance Committee and Related Party Transaction Review Committees are presented on pages 96 to 99 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 94 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 March 2026 are given on page 116 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 March 2026 was as follows:

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

| | 2026-03-31 | 2024-12-31 |
|----------------------|------------|------------|
| Group | 2,154 | 2,065 |
| Colombo Dockyard PLC | 1,651 | 1,579 |

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 of the financial statements 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 118 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 10.00 a.m. on 25th June 2026. The Notice to the Annual General Meeting is given on page 190.

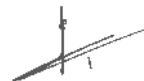
Auditors

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.

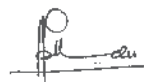
For and on behalf of the Board,
Colombo Dockyard PLC



Chairman
Capt. Jagmohan, IN (Retd.)



Thimira S. Godakumbura
Managing Director/CEO



Manori Mallikarachchi
Company Secretary / Legal Consultant

03rd June 2026
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

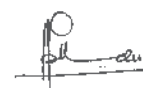
proper and sufficient internal controls and accounting records for safeguarding assets. The applications of the internal controls are monitored through an independent Financial & Management System Review Team contracted with B. R. De Silva & Co, Chartered Accountants. The Board also wishes to confirm 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 185. 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

03rd June 2026
Colombo, Sri Lanka

Chief Executive Officer's and Chief Financial Officer's

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

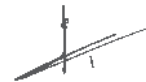
on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. In order to ensure such compliance, the Company has taken proper and adequate interest in enabling 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

03rd June 2026
Colombo, Sri Lanka



KHADEEJAH JAHAN

5

डॉ. मन्मथ
DAMN MAMBARUAP
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MURDA

स्वर्ण पुष्प
SARNA PUSHP



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SITAR
मुंबई
MUMBAI
INDIA

SHANGHAI

SANMAR SWARA
IMO 9310848
MAJURO

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Financial Report

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Independent Auditors' Report



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

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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 March 31, 2026, and the statement of comprehensive income (or statement of profit and loss and other comprehensive income), statement of changes in equity and statement of cash flows for the fifteen months then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 133 to 188 of this Financial Statements . 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 of March 31, 2026, and of their financial performance and cash flows for the fifteen months then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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. G. H. Raddella ACA,

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

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

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

Overview

Management Discussion
and Analysis

Stewardship

Financial
ReportSupplementary
Information

Independent Auditors' Report contd.



| 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 14,038 Mn. for the year ended 31 March 2026.</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. |
| Management assessment of the Company's ability to continue as going concern | |
| Refer the note 38 to the financial statements | |
| Risk Description | Our response |
| <p>The Company has reported net loss of Rs. 2,631 Mn during the period ended 31 March 2026 and as of that date, accumulated losses amounted to Rs.11,097 Mn. Further, the Company's current liabilities exceeded its current assets by Rs. 3,214 Mn as at the reporting date.</p> <p>In adopting the going concern basis preparation of the financial statements, the directors have reviewed the Company's cash flow projections prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows.</p> <p>We identified the management assessment of the Company's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.</p> | <p>Our audit procedures included,</p> <ul style="list-style-type: none"> • Obtaining and evaluate the appropriateness of management assessment of going concern. • Obtaining the cash flow projections and evaluating the key assumptions used in preparing the projections. • Inspecting the facility agreements for the Company's long-term loans to identify unutilized facilities, any financial covenants or similar terms and assessing the implication of these on the Company's liquidity. • Assessing the adequacy of disclosures in the financial statements in relation to the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards. |



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. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 *contd.*



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 black ink, appearing to be 'K. M.', written over the KPMG logo.

KPMG
Colombo, Sri Lanka

30th April 2026

Statement of Profit or Loss and Other Comprehensive Income

| | Note | Group | | Company | |
|---|----------|--|--|--|--|
| | | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Revenue | 5 | 36,196,077 | 25,447,069 | 33,190,066 | 23,695,590 |
| Cost of sales | | (31,950,569) | (24,843,987) | (29,535,693) | (23,576,118) |
| Gross profit | | 4,245,508 | 603,082 | 3,654,373 | 119,472 |
| Other income | 6 | 507,683 | 650,294 | 764,580 | 631,194 |
| Distribution expenses | | (100,600) | (94,834) | (91,247) | (85,269) |
| Administrative expenses | | (4,838,587) | (3,901,427) | (4,221,348) | (3,406,030) |
| Other operating income / (expenses) | | (338,452) | (50,216) | (338,452) | (50,216) |
| Finance cost | 7.1 | (2,767,727) | (2,474,812) | (2,741,779) | (2,462,649) |
| Finance income | 7.2 | 417,457 | 365,545 | 395,464 | 359,383 |
| Profit / (loss) before tax | 8 | (2,874,717) | (4,902,368) | (2,578,409) | (4,894,115) |
| Income tax expenses | 9 | (46,011) | 2,159,471 | (52,771) | 2,136,711 |
| Profit / (loss) for the Period / Year | | (2,920,728) | (2,742,897) | (2,631,180) | (2,757,404) |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Revaluation of free hold land/ Dry Dock and Machinery | | - | 7,172,973 | - | 7,172,973 |
| Defined benefit plan actuarial gains / (losses) | 26.4 | (64,531) | (52,974) | (57,020) | (50,605) |
| Tax on other comprehensive income | | 18,680 | (2,136,000) | 17,106 | (2,136,711) |
| Fair value change of instruments valued at FVOCI | | (2,566) | (994) | (2,566) | (994) |
| Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences - foreign operations | | 45,188 | (40,331) | - | - |
| Cash flow hedges - effective portion of changes in fair value | | - | - | - | - |
| Other comprehensive income for the year, net of tax | | (3,229) | 4,942,674 | (42,480) | 4,984,663 |
| Total comprehensive Income for the Period / Year | | (2,923,957) | 2,199,777 | (2,673,660) | 2,227,259 |
| Profits / (losses) attributable to; | | | | | |
| Owners of the company | | (2,909,286) | (2,741,639) | (2,631,180) | (2,757,404) |
| Non - controlling interests | | (11,442) | (1,258) | - | - |
| Profit / (loss) for the Period / Year | | (2,920,728) | (2,742,897) | (2,631,180) | (2,757,404) |
| Total comprehensive income attributable to; | | | | | |
| Owners of the company | | (2,934,658) | 2,225,189 | (2,673,660) | 2,227,259 |
| Non - controlling interests | | 10,701 | (25,412) | - | - |
| Total comprehensive income for the Period / Year | | (2,923,957) | 2,199,777 | (2,673,660) | 2,227,259 |
| Earnings per share (Rs.) [Restated - 2024] | 10.1 | (11.34) | (11.89) | (10.25) | (11.96) |

The accounting policies and explanatory notes from pages 133 to 188 form an integral part of these Financial Statements.
Figures in brackets indicate deductions

Statement of Financial Position

| As at | Note | Group | | Company | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| ASSETS | | | | | |
| Non current assets | | | | | |
| Property, plant and equipment | 11 | 20,831,182 | 20,880,199 | 19,438,624 | 19,551,585 |
| Investment property | 12 | - | - | 2,865 | 2,865 |
| Intangible assets | 13 | 13,778 | 2,944 | 13,703 | 2,529 |
| Right - of - use asset | 14.1 | 220,573 | 273,101 | 174,191 | 240,356 |
| Investment in subsidiaries | 15 | - | - | 16,571 | 14,659 |
| Investments classified as fair value through OCI | 16.1 | 19,008 | 21,574 | 19,008 | 21,574 |
| Deferred tax asset | 17.1 | 23,529 | - | - | - |
| Other financial assets | 20 | 577,404 | 506,128 | 551,661 | 493,657 |
| | | 21,685,474 | 21,683,946 | 20,216,623 | 20,327,225 |
| Current assets | | | | | |
| Inventories | 18 | 2,021,519 | 3,511,463 | 1,487,591 | 2,976,760 |
| Trade and other receivables | 19 | 7,071,895 | 11,800,015 | 5,041,764 | 10,046,016 |
| Other financial assets including derivatives | 20 | 215,158 | 206,849 | 212,113 | 201,758 |
| Amounts due from related parties | 21 | - | - | 703,328 | 608,815 |
| Investments classified as fair value through profit or loss | 16.2 | - | 30,474 | - | - |
| Cash and cash equivalents | 22.1 | 7,353,925 | 6,627,953 | 7,181,036 | 6,149,968 |
| | | 16,662,497 | 22,176,754 | 14,625,832 | 19,983,317 |
| Total assets | | 38,347,971 | 43,860,700 | 34,842,455 | 40,310,542 |
| EQUITY AND LIABILITIES | | | | | |
| Stated capital | 23 | 13,649,002 | 714,396 | 13,649,002 | 714,396 |
| Exchange equalization reserve | 23.1 | 107,936 | 84,890 | - | - |
| Fair value through OCI reserve | 23.2 | 18,278 | 20,844 | 18,898 | 21,464 |
| Retained earnings | | (9,348,055) | (6,573,293) | (11,097,351) | (8,606,632) |
| Revaluation Reserves | | 10,884,132 | 11,064,507 | 10,391,099 | 10,571,474 |
| Equity attributable to equity holders of the parent | | 15,311,293 | 5,311,344 | 12,961,648 | 2,700,702 |
| Non-controlling interest | | 189,912 | 179,211 | - | - |
| Total equity | | 15,501,205 | 5,490,555 | 12,961,648 | 2,700,702 |
| Non current liabilities | | | | | |
| Interest bearing borrowings | 24 | 2,394,634 | 7,457,850 | 2,366,622 | 7,457,850 |
| Lease liability | 14.2 | 185,908 | 155,135 | 140,305 | 127,508 |
| Deferred tax liability | 17.2 | 194,141 | 195,040 | - | - |
| Employee benefits | 26 | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |
| | | 4,376,234 | 9,185,176 | 4,040,751 | 8,915,691 |
| Current liabilities | | | | | |
| Interest bearing borrowings | 24 | 12,234,654 | 21,210,067 | 12,226,662 | 21,210,067 |
| Other financial liabilities including derivatives | 25 | - | - | 1,913 | 1,006 |
| Trade and other payables | 27 | 6,050,146 | 6,478,522 | 4,862,476 | 5,314,869 |
| Lease liability | 14.2 | 51,140 | 90,290 | 40,818 | 83,010 |
| Amounts due to related parties | 28 | - | - | 697,703 | 714,941 |
| Income tax payable | 29 | 31,519 | 29,945 | - | - |
| Dividend payable | 30 | 10,484 | 10,484 | 10,484 | 10,484 |
| Bank overdrafts | 22.2 | 92,589 | 1,365,661 | - | 1,359,772 |
| | | 18,470,532 | 29,184,969 | 17,840,056 | 28,694,149 |
| Total equity and liabilities | | 38,347,971 | 43,860,700 | 34,842,455 | 40,310,542 |

The accounting policies and explanatory notes from pages 133 to 188 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

30th April 2026
Colombo, Sri Lanka.

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.



Thimira S. Godakumbura
Managing Director/CEO



Manori P. Mallikarachchi
Company Secretary

Statement of Changes in Equity

| Group | Attributable to equity holders of parent | | | | | | | |
|---|--|--------------------------------|---|--|----------------------------------|--------------------|---------------------------------------|---------------------------|
| | Stated Capital (Rs.'000) | Retained Earnings (Rs.'000) | Fair Value Through OCI Reserve (Rs.'000) | Exchange Equalization Reserve (Rs.'000) | Revaluation Reserve (Rs.'000) | Total (Rs.'000) | Non-Controlling Interest (Rs.'000) | Total equity (Rs.'000) |
| 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 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 Land 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 |
| Balance as at 01 January 2025 | 714,396 | (6,573,293) | 20,844 | 84,890 | 11,064,507 | 5,311,344 | 179,211 | 5,490,555 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | (2,909,286) | - | - | - | (2,909,286) | (11,442) | (2,920,728) |
| Other comprehensive income | | | | | | | | |
| - Proceeds from Right Issue | 12,934,606 | - | - | - | - | 12,934,606 | - | 12,934,606 |
| - Actuarial gain/(loss) on retirement benefit obligations | - | (64,531) | - | - | - | (64,531) | - | (64,531) |
| - Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation | - | 18,680 | - | - | - | 18,680 | - | 18,680 |
| - Fair Value gain/(loss) of investments valued at FVOCI | - | - | (2,566) | - | - | (2,566) | - | (2,566) |
| - Foreign currency translation differences - foreign operations | - | - | - | 23,046 | - | 23,046 | 22,142 | 45,188 |
| - Revaluation Reserves | - | - | - | - | - | - | - | - |
| - Deferred tax on Land Revaluation | - | - | - | - | - | - | - | - |
| - Realisation of revaluation surplus | - | 180,375 | - | - | (180,375) | - | - | - |
| Transactions with owners of the company contributions by and distributions | | | | | | | | |
| - Dividends paid | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2026 | 13,649,002 | (9,348,055) | 18,278 | 107,936 | 10,884,132 | 15,311,293 | 189,912 | 15,501,205 |

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Statement of Changes in Equity contd.

| Company | 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 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 |
| Balance as at 01 January 2025 | 714,396 | (8,606,632) | 21,464 | 10,571,474 | 2,700,702 |
| Total comprehensive income for the year | | | | | |
| Profit / (loss) for the year | - | (2,631,180) | - | - | (2,631,180) |
| Other comprehensive income | | | | | |
| - Proceeds from Right Issue | 12,934,606 | - | - | - | 12,934,606 |
| - Actuarial gain/(loss) on retirement benefit obligation | - | (57,020) | - | - | (57,020) |
| - Deferred tax effect on actuarial gain/(loss) on retirement benefit obligation | - | 17,106 | - | - | 17,106 |
| - Fair value gain/(loss) of investments valued at FVOCI | - | - | (2,566) | - | (2,566) |
| - Revaluation Reserves | - | - | - | - | - |
| - Deferred tax on Land Revaluation | - | - | - | - | - |
| - Realisation of revaluation surplus | - | 180,375 | - | (180,375) | - |
| Transactions with owners of the company | | | | | |
| Contributions by and distributions | | | | | |
| - Dividends paid | - | - | - | - | - |
| Balance as at 31 March 2026 | 13,649,002 | (11,097,351) | 18,898 | 10,391,099 | 12,961,648 |

The accounting policies and explanatory notes on pages 133 to 188 form an integral part of these Financial Statements.
(Figures in brackets indicate deductions)

Statement of Cash Flows

| | Note | Group | | Company | |
|--|-----------|--|--|--|--|
| | | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Cash flow from operating activities | | | | | |
| Profit/(loss) before tax | | (2,874,717) | (4,902,368) | (2,578,409) | (4,894,115) |
| Adjustments for, | | | | | |
| Depreciation of property, plant and equipment | (Note 11) | 892,509 | 630,500 | 780,623 | 550,515 |
| Amortization of intangible assets | | 3,905 | 14,551 | 3,565 | 13,749 |
| Provision for retirement benefit obligations (excluding actuarial gains/losses) | | 284,272 | 228,008 | 267,537 | 216,932 |
| Provision/(reversal) for bad and doubtful debts | | (65,201) | 22,733 | (81,346) | 22,517 |
| Provision for/(reversal) of obsolete stocks | | 67,545 | 55,983 | 49,011 | 50,703 |
| (Profit)/loss on disposal of property, plant and equipment | | (4,907) | (7,395) | (3,639) | - |
| Provision for/(reversal) of warranty provision | | 25,014 | (13,542) | 9,101 | (11,028) |
| Foreign exchange (gain)/loss (unrealized) | | 23,047 | 16,177 | - | - |
| Net change in fair value of financial instruments | | 30,474 | (29,480) | - | 994 |
| Bad debts written off | | - | - | - | - |
| Amortization of corporate guarantees | | - | - | (1,912) | (1,751) |
| Interest expense on lease | | 52,640 | 38,872 | 33,724 | 27,810 |
| Amortisation of right-of-use assets | | 74,725 | 65,345 | 66,165 | 53,588 |
| Amortization of prepaid staff benefits | | 47,596 | 39,877 | 47,569 | 39,825 |
| Interest income | | (364,984) | (325,194) | (347,895) | (319,558) |
| Dividend income | | - | (24) | (237,770) | (24) |
| Interest expenses | | 2,715,087 | 2,435,940 | 2,708,055 | 2,434,839 |
| Operating profit/(loss) before working capital changes | | 907,005 | (1,730,017) | 714,379 | (1,815,004) |
| (Increase)/decrease in inventory | | 1,422,399 | 148,867 | 1,440,158 | 216,340 |
| (Increase)/decrease in trade and other receivables | | 4,666,897 | 4,478,467 | 4,931,650 | 3,934,261 |
| (Increase)/decrease amounts due from related parties | | - | - | (94,513) | 326,454 |
| Increase/(decrease) trade and other payables | | (453,389) | (2,242,112) | (460,586) | (1,589,072) |
| Increase/(decrease) amounts due to related parties | | - | - | (17,238) | (973,800) |
| Cash generated from/(used in) operating activities | | 6,542,912 | 655,205 | 6,513,850 | 99,179 |
| Interest paid | | (2,715,087) | (2,435,940) | (2,708,055) | (2,434,839) |
| Gratuity paid | | (124,403) | (212,696) | (121,066) | (209,947) |
| Tax paid | | (17,134) | (14,080) | - | - |
| Net cash generated from/(used in) operating activities | | 3,686,287 | (2,007,511) | 3,684,729 | (2,545,607) |

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Statement of Cash Flows contd.

| | Note | Group | | Company | |
|---|------------------|--|--|--|--|
| | | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Cash flow from investing activities | | | | | |
| Purchases of property, plant and equipment | | (858,661) | (382,481) | 682,401 | (302,817) |
| Proceeds from disposal of property, plant and equipment | | 4,477 | 7,395 | 3,639 | - |
| Interest received | | 435,674 | 383,817 | 418,610 | 378,181 |
| Staff loans granted during the year | (Note 20.1) | (382,971) | (335,945) | (365,866) | (325,358) |
| Staff loans recovered during the year | (Note 20.1) | 301,475 | 239,315 | 297,506 | 234,918 |
| Dividend received | | - | 24 | 237,770 | 24 |
| Net cash generated from/(used in) investing activities | | (500,006) | (87,875) | (90,742) | (15,052) |
| Cash flow from financing activities | | | | | |
| Capital Infusion Through the Rights Issue | | 12,934,606 | - | 12,934,606 | - |
| Long / Medium terms loans obtained / (Paid) the period | | (5,063,216) | 4,457,850 | (5,091,228) | 4,457,850 |
| Short terms loans obtained during the period | | 3,329,530 | 46,998,987 | 3,289,530 | 46,998,987 |
| Repayment of short term loans | | (12,304,943) | (46,639,918) | (12,272,935) | (46,639,918) |
| Dividend paid | | - | (3) | - | (3) |
| Payment of lease liability | (Note 14.2) | (83,214) | (79,160) | (63,119) | (59,734) |
| Net cash generated from/(used in) financing activities | | (1,187,237) | 4,737,756 | (1,203,146) | 4,757,182 |
| Net increase/(decrease) in cash and cash equivalents during the period | | 1,999,044 | 2,642,370 | 2,390,840 | 2,196,523 |
| Cash and cash equivalents at the beginning of the period | (Note 22) | 5,262,292 | 2,619,922 | 4,790,196 | 2,593,673 |
| Cash and cash equivalents at the end of the period | (Note 22) | 7,261,336 | 5,262,292 | 7,181,036 | 4,790,196 |

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 March 2026 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).

Out of the three subsidiaries within the Group, the Company holds 100% ownership of Dockyard General Engineering Services (Private) Limited (incorporated in Sri Lanka) and Dockyard Total Solutions (Private) Limited (incorporated in Sri Lanka), and 51% ownership of Ceylon Shipping Agency (Private) Limited (incorporated in Singapore).

Mazagon Dock Shipbuilders Limited acquired a 51% stake in Colombo Dockyard PLC, following the divestment of shares by Onomichi Dockyard Co. Ltd, Japan, and obtained control of the Group on 19th January 2026. Accordingly, Mazagon Dock Shipbuilders Limited is the Parent Company of the Group as of the Balance Sheet Date.

All the companies in the Group have a common financial year, which ends on 31st March (2024-31st December).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Company has changed its reporting date from 31st December to 31st March to align with the reporting date of the Group, which is 31st March 2026. A market announcement was made on 25th March 2026. Accordingly, the Financial Statements are presented for a period of fifteen months. Comparative information is not comparable, as the financial statements for the period ended 31st March 2026 have been prepared for a fifteen-month period."

The consolidated financial statements of the Group and the separate financial statements of the Company, which comprise 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 comprising Sri Lanka Financial Reporting Standards (SLFRSs), Sri Lanka Accounting Standards (LKASs), Statements of Recommended Practices (SoRPs), Statements of Alternative Treatment (SoATs), and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These financial statements further comply 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)

Notes to the Financial Statements contd.

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 March 2026. Please refer note 38 for further detailed analysis of going concern.

3. Material Accounting Policies

3.1.1 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 |
|--|---------|
| Update on the present financial status of the company | 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 16 |

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.

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 March.

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.

Notes to the Financial Statements *contd.*

3.3.4 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 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 | 40 | 2.5% |
| Dry-docks in leasehold land | 25 - 50 | 4% - 2% |
| Buildings | 20 - 25 | 5% - 4% |
| Roadways | 10 | 10% |
| Plant, Machinery & Equipment | 10-25 | 10%-4% |
| Electrical Installations | 10 | 10% |
| Furniture, Fittings & Office Equipment | 6.6 | 15% |
| Motor Vehicles | 5 | 20% |
| Boats & Launches | 6.6 | 15% |
| Inventory Items | 6.6 | 15% |
| Loose Tools | 2 | 50% |

Group - Dockyard General Engineering Services (Private) Limited

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

Notes to the Financial Statements contd.

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 future 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 Realizable 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 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).

Notes to the Financial Statements contd.

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.

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.

Notes to the Financial Statements contd.

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.

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 are 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.

Notes to the Financial Statements contd.

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.

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 being 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.

Notes to the Financial Statements contd.

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 | 157 -159 |
| Property, plant and equipment | 11 | 161 - 165 |
| Intangible assets | 13 | 166 |
| Deferred tax assets / liabilities | 17 | 169 |
| Employee benefits | 26 | 173 - 175 |
| Fair value measurement of financial asset at FVOCI | 16.1 | 168 |
| Fair value measurement of financial asset at FTPL | 16.2 | 168 |
| Provision for warranty claims | 27.1 | 176 |

4.1 Sri Lanka Accounting Standards not yet effective as at 31st March 2026

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 January 2026. No financial impact is expected on the Group and the Company except for additional disclosures.

Sri Lanka Accounting Standard – SLFRS 18 on “Presentation and Disclosure in Financial Statements” (SLFRS 18)

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from January 01, 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of Financial Statements” and applies to the Group effective from January 01, 2027. The new accounting standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities’ net profit will not change.

Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method.

The Group is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Group’s Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as ‘other’.

Sri Lanka Accounting Standard – SLFRS 19 on “Subsidiaries without Public Accountability” (SLFRS 19)

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from January 01, 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements.

Notes to the Financial Statements contd.

5. REVENUE

| | Group | | Company | |
|--|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Ship repair | 17,592,274 | 14,187,946 | 17,592,274 | 14,187,946 |
| Ship building | 14,038,427 | 8,962,284 | 14,038,427 | 8,962,284 |
| Heavy engineering | 3,991,434 | 1,701,003 | 1,622,713 | 578,993 |
| Material & other sales | 709,415 | 660,573 | - | - |
| Gross revenue (Note 5.1, 5.2) | 36,331,550 | 25,511,806 | 33,253,414 | 23,729,223 |
| Turnover tax | (135,473) | (64,737) | (63,348) | (33,633) |
| Total revenue | 36,196,077 | 25,447,069 | 33,190,066 | 23,695,590 |
| Less: Cost of sales | (31,950,569) | (24,843,987) | (29,535,693) | (23,576,118) |
| Gross profit / operating results (Note 5.3) | 4,245,508 | 603,082 | 3,654,373 | 119,472 |

5.1 Project types segment revenue (Business segment)

| | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Ship repair | | | | |
| Tankers | 4,814,463 | 4,300,384 | 4,814,463 | 4,300,384 |
| General cargo | 843,259 | 269,904 | 843,259 | 269,904 |
| Container carriers | 1,996,528 | 3,317,145 | 1,996,528 | 3,317,145 |
| Passenger vessels | 2,635 | 347,603 | 2,635 | 347,603 |
| Fishing trawlers | 1,091,893 | 549,475 | 1,091,893 | 549,475 |
| Tugs | 757,761 | 279,155 | 757,761 | 279,155 |
| LPG tankers | 438,398 | 463,635 | 438,398 | 463,635 |
| Dredgers | 24,058 | 310,178 | 24,058 | 310,178 |
| Navel vessels | 807,873 | 768,789 | 807,873 | 768,789 |
| Cement carriers | 307,322 | 769,727 | 307,322 | 769,727 |
| Offshore support/ supply vessels | 1,261,941 | 795,654 | 1,261,941 | 795,654 |
| Barge | 305,950 | 177,311 | 305,950 | 177,311 |
| Bulk carriers | 1,805,615 | 1,693,376 | 1,805,615 | 1,693,376 |
| Cable Laying Vessel | 3,008,386 | - | 3,008,386 | - |
| Others | 126,192 | 145,610 | 126,192 | 145,610 |
| | 17,592,274 | 14,187,946 | 17,592,274 | 14,187,946 |
| Ship building | | | | |
| Bulk Carriers | 13,665,597 | 8,962,284 | 13,665,597 | 8,962,284 |
| Cable laying vessels | 372,830 | - | 372,830 | - |
| | 14,038,427 | 8,962,284 | 14,038,427 | 8,962,284 |
| Heavy engineering | | | | |
| Heavy fabrication | 3,504,963 | 1,303,367 | 694,558 | 559,521 |
| Services | 398,631 | 158,192 | 928,155 | 15,960 |
| Power generation | 87,840 | 239,444 | - | 3,512 |
| | 3,991,434 | 1,701,003 | 1,622,713 | 578,993 |
| Material and other sales | | | | |
| Material and other sales | 709,415 | 660,573 | - | - |
| Total revenue | 36,331,550 | 25,511,806 | 33,253,414 | 23,729,223 |

5.2 Geographical segment revenue

| | Group | | Company | |
|---------------|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| India | 6,163,958 | 7,074,793 | 6,163,958 | 7,074,793 |
| Maldives | 2,733,590 | 925,626 | 2,733,590 | 925,626 |
| UAE | 373,103 | 73,418 | 373,103 | 73,418 |
| Sri Lanka | 5,671,975 | 3,311,086 | 2,593,839 | 1,528,503 |
| Singapore | 712,881 | 1,274,396 | 712,881 | 1,274,396 |
| Japan | 63,228 | 48,462 | 63,228 | 48,462 |
| Germany | 27,728 | 125,158 | 27,728 | 125,158 |
| Greece | 615,836 | 17,189 | 615,836 | 17,189 |
| Hong Kong | 11,907 | 13,368 | 11,907 | 13,368 |
| Malaysia | 45,360 | 236,984 | 45,360 | 236,984 |
| France | 3,925,224 | 472,156 | 3,925,224 | 472,156 |
| Norway | 13,679,810 | 8,964,106 | 13,679,810 | 8,962,284 |
| Cyprus | 101,905 | 189,426 | 101,905 | 189,426 |
| Pakistan | 3,763 | 152,245 | 3,763 | 152,245 |
| United Kindom | 151,538 | 229,226 | 151,538 | 229,226 |
| Bangladesh | 84,209 | 475,166 | 84,209 | 475,166 |
| Thailand | - | 232,620 | - | 232,620 |
| Indonesia | 82,161 | 311,652 | 82,161 | 311,652 |
| Mauritius | 255,263 | 346,283 | 255,263 | 346,283 |
| Netherlands | 59,862 | 280,385 | 59,862 | 280,385 |
| Spain | 752,095 | 374,593 | 752,095 | 374,593 |
| Seychelles | 4,498 | 91,800 | 4,498 | 91,800 |
| Others | 811,656 | 291,668 | 811,656 | 293,490 |
| | 36,331,550 | 25,511,806 | 33,253,414 | 23,729,223 |

5.3 Segmental Operating Results

| | | | | |
|------------------------|-------------|-------------|-------------|-------------|
| Ship repairs | 5,577,404 | 3,668,147 | 5,577,404 | 3,668,147 |
| Ship building | (2,490,012) | (3,614,328) | (2,490,012) | (3,614,328) |
| Heavy engineering | 906,151 | 253,766 | 566,981 | 65,653 |
| Material & other sales | 251,966 | 295,497 | - | - |
| | 4,245,508 | 603,082 | 3,654,373 | 119,472 |

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6. OTHER INCOME

| | Group | | Company | |
|--|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Exchange gain (both realized and unrealized) | - | 226,054 | - | 226,054 |
| Scrap sales | 452,033 | 349,324 | 450,935 | 349,324 |
| Dividend income | - | 24 | 237,770 | 24 |
| Profit/(loss) on disposal of property, plant and equipment | 4,907 | 7,395 | 3,639 | - |
| Management fees | - | - | 2,136 | 2,034 |
| Amortization of corporate guarantees | - | - | 1,912 | 1,751 |
| Lease rental | - | - | 5,806 | 7,331 |
| Miscellaneous income | 50,743 | 67,497 | 62,382 | 44,676 |
| | 507,683 | 650,294 | 764,580 | 631,194 |

7. NET FINANCE INCOME/(EXPENSE)

7.1 Finance cost

| | Group | | Company | |
|--|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Interest on bank overdrafts and loans (Note 7.3) | (2,715,087) | (2,435,940) | (2,708,055) | (2,434,839) |
| Interest on lease liability (Note 14.2.2) | (52,640) | (38,872) | (33,724) | (27,810) |
| | (2,767,727) | (2,474,812) | (2,741,779) | (2,462,649) |

7.2 Finance income

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Interest income from investments | 291,396 | 268,502 | 274,307 | 263,741 |
| Other interest income | 73,588 | 56,692 | 73,588 | 55,817 |
| Amortization of pre paid staff cost (Note 20.2) | 50,092 | 39,877 | 47,569 | 39,825 |
| Net change in fair value of financial instrument at FVTPL | 2,381 | 474 | - | - |
| | 417,457 | 365,545 | 395,464 | 359,383 |

7.3 In accordance with LKAS 23 Borrowing cost, Company has incurred an interest costs amounting to Rs. 438.83 Mn (2024 - Rs. 400.65 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

| | Group | | Company | |
|---|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| <i>Is stated after charging all expenses / (reversals) including the following;</i> | | | | |
| Directors' emoluments | 51,648 | 24,625 | 48,399 | 21,890 |
| Auditors remuneration - on statutory audit | 10,657 | 8,191 | 5,400 | 4,065 |
| Audit related services | - | - | - | - |
| Business promotion expenses | 100,600 | 94,834 | 91,247 | 85,269 |
| Depreciation on property, plant & equipment | 892,509 | 630,500 | 780,623 | 550,515 |
| Amortization of intangible assets | 3,905 | 14,551 | 3,565 | 13,749 |
| Donations | - | - | - | - |
| Bad debt written-off | - | - | - | - |
| Impairment loss on property, plant and equipment | - | - | - | - |
| Provision for/(reversal of) | | | | |
| - Bad and doubtful debts | (65,201) | 61,222 | (81,346) | 61,006 |
| - Obsolete and slow moving stocks | 67,545 | 55,983 | 49,011 | 50,703 |
| - Warranty claims | 76,667 | 20,314 | 8,437 | 22,828 |
| Staff related cost | | | | |
| - Salaries and wages | 8,450,263 | 6,418,372 | 8,060,497 | 6,112,827 |
| - Defined benefit plan cost - gratuity | 284,272 | 228,008 | 267,537 | 216,932 |
| - Defined contribution plan cost - EPF | 369,128 | 315,045 | 346,087 | 278,651 |
| ETF | 92,282 | 78,762 | 86,522 | 69,663 |
| Amortization of pre-paid staff cost | 47,596 | 39,877 | 47,569 | 39,825 |

9. INCOME TAX EXPENSE

| | Group | | Company | |
|---|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| On the current years profit (Note 9.2) | 35,666 | - | 35,666 | - |
| Under/(over) provision in previous year | 16,093 | (22,507) | - | - |
| Deferred taxation (Note 17.2) | (5,748) | (2,136,964) | 17,105 | (2,136,711) |
| Total tax expense on profit / (loss) | 46,011 | (2,159,471) | 52,771 | (2,136,711) |

Notes to the Financial Statements contd.

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.

9.2 Reconciliation between current tax expense and the accounting profit

| | Group | | Company | |
|--|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Profit / (loss) before tax | (2,645,442) | (4,902,368) | (2,578,409) | (4,894,115) |
| Impact of allowable and disallowable expenses | (1,070,374) | (5,122,728) | (989,933) | (5,067,396) |
| Tax loss utilized during the year | - | - | - | - |
| Statutory profit/(loss) from business | (3,715,816) | (10,025,096) | (3,568,342) | (9,961,511) |
| Statutory profit/(loss) from Colombo Dockyard PLC | (3,568,342) | (9,961,511) | - | - |
| Statutory profit/(loss) from Dockyard General Engineering Services (Pvt) Ltd | 107,287 | (5,805) | - | - |
| Statutory profit/(loss) from Dockyard Total Solutions (Pvt) Ltd. | (115,083) | (53,577) | - | - |
| Statutory profit/(loss) from Ceylon Shipping Agency (Ate) Ltd | (139,678) | (4,203) | - | - |
| Taxable income/(Loss) | (3,715,816) | (10,025,096) | - | - |
| Tax at the rate of 15% | 35,666 | - | 35,666 | - |
| Tax at the rate of 17% | - | - | - | - |
| Tax at the rate of 30% | - | - | - | - |
| Provision for taxation on current year profit | 35,666 | - | 35,666 | - |

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 2025/2026 to the temporary difference as at 31 March 2026.

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 March 2026.

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 March 2026.

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 March 2026.

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 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 31.03.2026 (Rs'000) | 31.12.2024 (Rs'000) | 31.03.2026 (Rs'000) | 31.12.2024 (Rs'000) |
| Balance at the beginning of the Year | 26,235,068 | 22,833,098 | 26,171,482 | 22,833,098 |
| Tax lossess set-off against the current year profits | - | - | - | - |
| Tax Loss expired during the year | (3,936,101) | (6,623,126) | (3,903,433) | (6,623,126) |
| Tax lossess incurred during the year | 3,715,816 | 10,025,096 | 3,568,342 | 9,961,511 |
| Balance at the end of the year | 26,014,783 | 26,235,068 | 25,836,391 | 26,171,483 |

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31.03.2026 (Rs'000) | 31.12.2024 (Rs'000) | 31.03.2026 (Rs'000) | 31.12.2024 (Rs'000) |
| Tax lossess recognised for the deferred tax purpose | 16,035,303 | 14,873,066 | 16,035,303 | 14,873,066 |
| Deferred tax asset recognised on tax lossess | 4,810,591 | 4,461,920 | 4,810,591 | 4,461,920 |

Notes to the Financial Statements *contd.*

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 | |
|--|--|--|--|--|
| | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) | 01.01.2025 to 31.03.2026 (Rs.'000) | 01.01.2024 to 31.12.2024 (Rs.'000) |
| Amount used as the numerator | | | | |
| Profit/(loss) for the period (Rs. '000) | (2,920,728) | (2,742,897) | (2,631,180) | (2,757,404) |
| Less : Non controlling interest (Rs. '000) | 11,442 | 1,258 | - | - |
| Profit attributable to equity shareholders of Colombo Dockyard PLC (Rs. '000) | | | | |
| | (2,909,286) | (2,741,639) | (2,631,180) | (2,757,404) |
| Number of ordinary shares used as the denominator | | | | |
| Number of ordinary shares | 255,914,506 | 230,585,492 | 255,914,506 | 230,585,492 |
| Earnings/(loss) per share based on weighted average number of shares in Rs (2024 Restated) | (11.34) | (11.89) | (10.25) | (11.96) |

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Group

| As at 31 March, | FREEHOLD | | | | | | | | | | | | | | |
|---------------------------------------|--------------------|--------------------|------------------|---------------|-------------------------------------|--|--|--|----------------|------------------|--|----------------|--------------------------|----------------|-------------------|
| | Drydocks | | Road ways | | Plant, Machinery (Dock Side Cranes) | | Plant, Machinery & Electrical Installation | | Motor Vehicles | | Office Equipment, Furniture & Fittings | | Capital Work In Progress | | |
| | In Lease hold Land | Drydocks hold Land | Road ways | Building | Machinery (Dock Side Cranes) | Plant, Machinery & Electrical Installation | Motor Vehicles | Office Equipment, Furniture & Fittings | Loose Tools | Boats & Launches | Capital Work In Progress | Total | | | |
| Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | |
| Balance as at 01 January 2025 | 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 |
| Additions during the year | - | - | - | - | - | - | 272,129 | - | 94,206 | 3,185 | 41,295 | 35,474 | - | 397,633 | 843,922 |
| Transfers/adjustments during the year | - | - | - | 187,634 | - | - | 173,124 | - | - | 1,167 | - | - | - | (361,925) | - |
| Revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals during the year | - | - | - | - | - | - | (10,965) | - | (2,107) | - | (10,669) | (5,194) | - | - | (28,959) |
| Exchange gain/loss | - | - | - | - | - | - | - | - | - | - | 982 | - | - | - | 982 |
| Balance as at 31 March 2026 | 99,132 | 6,592,000 | 8,782,499 | 20,046 | 2,430,659 | 2,433,460 | 5,882,592 | 397,972 | 344,550 | 149,112 | 811,554 | 430,754 | 6,494 | 216,308 | 28,597,133 |
| ACCUMULATED DEPRECIATION | | | | | | | | | | | | | | | |
| Balance as at 01 January 2025 | 33,223 | 68,890 | - | 14,149 | 1,061,953 | 50,635 | 4,023,750 | 333,116 | 249,771 | 112,360 | 564,809 | 379,364 | 6,494 | - | 6,898,515 |
| Charge for the year | 2,470 | 206,000 | - | 773 | 98,348 | 150,993 | 301,294 | 13,068 | 2,021 | 10,446 | 80,972 | 26,124 | - | - | 892,509 |
| Transfer/adjustments during the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | (10,635) | - | (2,107) | - | (10,669) | (5,086) | - | - | (28,497) |
| Exchange gain/loss | - | - | - | - | - | - | - | - | - | - | 951 | - | - | - | 951 |
| Balance as at 31 March 2026 | 35,693 | 274,890 | - | 14,922 | 1,160,301 | 201,628 | 4,314,409 | 346,184 | 249,685 | 122,806 | 636,063 | 400,402 | 6,494 | - | 7,763,478 |
| Balance as at 01 January 2025 | - | - | - | - | - | - | 2,327 | - | - | - | 136 | 10 | - | - | 2,473 |
| Impairment loss for the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2026 | - | - | - | - | - | - | 2,327 | - | - | - | 136 | 10 | - | - | 2,473 |
| CARRYING AMOUNT | | | | | | | | | | | | | | | |
| As at 31 March 2026 | 63,439 | 6,317,110 | 8,782,499 | 5,124 | 1,270,358 | 2,231,832 | 1,565,856 | 51,788 | 94,865 | 26,306 | 175,355 | 30,342 | - | 216,308 | 20,831,182 |
| 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 |

Notes to the Financial Statements contd.

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**11.2 Company**

Colombo Dockyard PLC

Period : Ending 31st March 2026

Subject : Property Plant & Equipments

| Description | FREEHOLD | | | | | | | | | | | | Capital Work In Progress | Total | |
|---------------------------------------|------------------------|--------------------|-----------|-------------------------------------|------------------------------|-------------------------|----------------|-----------------|-----------------------------|-------------|------------------|--------------------------|--------------------------|-----------|------------|
| | Drydocks In Lease Land | Drydocks hold Land | Road ways | Plant, Machinery (Dock Side Cranes) | Plant, Machinery & Equipment | Electrical Installation | Motor Vehicles | Inventory Items | Office Furniture & Fittings | Loose Tools | Boats & Launches | Capital Work In Progress | | | |
| 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 | |
| Balance as at 1st January 2025 | 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 |
| Additions during the year | - | - | - | - | - | - | 261,525 | - | 94,206 | 3,185 | 35,460 | 4,156 | - | 269,130 | 667,662 |
| Revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers/adjustments during the year | - | - | - | - | 71,031 | - | 120,300 | - | - | 1,167 | - | - | - | (192,498) | - |
| Disposals during the year | - | - | - | - | - | - | (8,083) | - | (2,107) | - | (10,255) | - | - | - | (20,446) |
| Balance as at 31st March 2026 | 99,132 | 6,592,000 | 8,060,999 | 20,046 | 1,875,765 | 2,433,460 | 5,473,221 | 397,972 | 282,259 | 149,043 | 689,264 | 270,997 | 6,495 | 203,043 | 26,553,696 |
| ACCUMULATED DEPRECIATION | | | | | | | | | | | | | | | |
| Balance as at 1st January 2025 | 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 |
| Charge for the year | 2,470 | 206,000 | - | 773 | 70,234 | 150,993 | 254,538 | 13,068 | 1,927 | 10,429 | 63,658 | 6,533 | - | - | 780,623 |
| Transfer / Adjustment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | (8,083) | - | (2,107) | - | (10,255) | - | - | - | (20,446) |
| Balance as at 31st March 2026 | 35,693 | 274,892 | - | 14,920 | 1,051,777 | 201,627 | 4,065,349 | 346,184 | 187,526 | 122,750 | 540,119 | 267,740 | 6,495 | - | 7,115,073 |
| CARRYING AMOUNT | | | | | | | | | | | | | | | |
| Balance as at 31st March 2026 | 63,438 | 6,317,108 | 8,060,999 | 5,126 | 823,989 | 2,231,833 | 1,407,878 | 51,788 | 94,730 | 26,290 | 149,144 | 3,258 | - | 203,041 | 19,438,624 |
| Balance as at 31st 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 |

(Group / Company)

Notes:

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

B. There is no temporarily idle property plant and equipment as at the reporting date.

C. 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.

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.3 Valuation of Land, Dry docks in freehold Land and Dockside 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 Dockside 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 |

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11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

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 (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 |
| 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

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

| | Group | | Company | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Leasehold dry- dock | 5,215 | 5,215 | 5,215 | 5,215 |
| Roadways | 14,190 | 13,132 | 14,190 | 13,132 |
| Freehold buildings | 359,126 | 348,483 | 335,545 | 330,328 |
| Plant, machinery and equipment | 2,528,145 | 2,434,405 | 2,424,041 | 2,370,357 |
| Electrical installation | 293,143 | 293,143 | 293,143 | 293,143 |
| Motor vehicles | 248,855 | 243,850 | 186,864 | 181,859 |
| Inventory items | 97,049 | 85,769 | 97,049 | 85,769 |
| Office equipment, furniture and fittings | 401,263 | 367,196 | 366,828 | 343,560 |
| Loose tools | 372,694 | 351,402 | 262,619 | 252,097 |
| Boats / launches | 6,495 | 6,495 | 6,495 | 6,495 |
| | 4,326,175 | 4,149,090 | 3,991,989 | 3,881,955 |

12. INVESTMENT PROPERTY

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Land rented to Dockyard General Engineering Services (Pvt) Ltd. | - | - | 2,865 | 2,865 |

Land depicted as Lot No.01 in Plan No.250 at Mahawatte, Colombo 14, which is leased to Dockyard General Engineering Services (Pvt.) Limited, has been revalued by an independent Chartered Valuation firm, Siri Nissanka Associates (Pvt.) Ltd., as at 31 December 2023. Valuation details of the land is as follows,

| | | |
|--------------------|-----------------|--|
| Extent of the land | 103.75 Perches | Note: |
| No. of buildings | 02 | Rental income from investment property |
| Cost | Rs. 2,865,000 | 2025 Rs. 5,805,894 |
| Valuation | Rs. 650,000,000 | 2024 Rs. 7,331,226 |

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13. INTANGIBLE ASSETS

| | Group | | Company | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Cost | | | | |
| Balance at the beginning of the year | 141,656 | 141,385 | 135,546 | 135,546 |
| Additions during the year | 14,739 | 271 | 14,739 | - |
| Balance at the end of the year | 156,395 | 141,656 | 150,285 | 135,546 |
| Amortization | | | | |
| Balance at the beginning of the year | 138,712 | 124,161 | 133,017 | 119,268 |
| Charge for the year | 3,905 | 14,551 | 3,565 | 13,749 |
| Balance at the end of the year | 142,617 | 138,712 | 136,582 | 133,017 |
| Carrying amount | 13,778 | 2,944 | 13,703 | 2,529 |

14. RIGHT-OF-USE ASSETS

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

| | Group | | Company | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Balance at the beginning of the year | 273,101 | 244,962 | 240,356 | 242,270 |
| Additions for during the year | 22,197 | 84,532 | - | 51,674 |
| Remeasurement | - | 8,952 | - | - |
| Amortisation charge for the year | (74,725) | (65,345) | (66,165) | (53,588) |
| Balance as at 31 March | 220,573 | 273,101 | 174,191 | 240,356 |

14.2 Corresponding liability for the right- of-use assets has been recognised under other liabilities.

| | | | | |
|--------------------------------------|----------|----------|----------|----------|
| Balance at the beginning of the year | 245,425 | 202,343 | 210,518 | 191,780 |
| Additions for the year | 22,197 | 75,698 | - | 50,662 |
| Accretion of interest | 52,640 | 38,872 | 33,724 | 27,810 |
| Remeasurement | - | 7,672 | - | - |
| Lease payments | (83,214) | (79,160) | (63,119) | (59,734) |
| Balance as at 31 March 2026 | 237,048 | 245,425 | 181,123 | 210,518 |
| Non-current | 185,908 | 155,135 | 140,305 | 127,508 |
| Current | 51,140 | 90,290 | 40,818 | 83,010 |

14.2.2 Amounts recognised in profit or loss

| | Group | | Company | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31.03.2026 (Rs. '000) | 31.12.2024 (Rs. '000) | 31.03.2026 (Rs. '000) | 31.12.2024 (Rs. '000) |
| Interest on lease liabilities | 52,640 | 38,872 | 33,724 | 27,810 |
| Right - of - use asset amortisation | 74,725 | 65,345 | 66,165 | 53,588 |

14.2.2.1 Amounts Recognised in statement of cash flows under SLFRS 16

| | | | | |
|-----------------|----------|----------|----------|----------|
| Lease rent paid | (83,214) | (79,160) | (63,119) | (59,734) |
|-----------------|----------|----------|----------|----------|

15. INVESTMENTS IN SUBSIDIARIES

15.1 INVESTMENTS OF COLOMBO DOCKYARD PLC

| | Incorporated in | 31.03.2026 | | | 31.12.2024 | | |
|--|-----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | No of shares | Percentage holding | Cost (Rs. '000) | No of shares | Percentage holding | Cost (Rs. '000) |
| Dockyard General Engineering Services (Pvt) Ltd. | Sri Lanka | 61,999 | 100% | 15,714 | 61,999 | 100% | 12,796 |
| Add: Fair value of financial guarantees | | | | | | | 1,006 |
| 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 |
| | | | | 16,571 | | | 14,659 |

17. DEFERRED TAXATION

17.1 Deferred Tax Asset / Liabilities

| | Group | | Company | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31.03.2026 (Rs. '000) | 31.12.2024 (Rs. '000) | 31.03.2026 (Rs. '000) | 31.12.2024 (Rs. '000) |
| Balance at the beginning of the year | (195,040) | (196,004) | - | - |
| Prior year Adjustment | - | - | - | - |
| Provision /(reversal) during the year (Note 17.2) | 24,428 | 964 | - | - |
| Balance at the end of the year | (170,612) | (195,040) | - | - |

17.2 Provision /(reversal) for the year

| | | | | |
|---|--------|-------------|----------|-------------|
| Provision/(reversal) during the year recognized in profit/(loss) | 5,748 | 2,136,964 | (17,106) | 2,136,711 |
| Provision/(reversal) during the year recognized in other comprehensive income | 18,680 | (2,136,000) | 17,106 | (2,136,711) |
| Provision/(reversal) during the year recognized in comprehensive income | 24,428 | 964 | - | - |

| | 31.03.2026 | | 31.12.2024 | |
|--|------------------------------------|--|------------------------------------|--|
| | 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 | (10,080,453) | (3,024,136) | (8,771,046) | (2,631,313) |
| Temporary difference on revaluation gain from Land | (8,719,554) | (2,615,866) | (8,719,549) | (2,615,865) |
| Temporary difference on retirement benefit obligations | 1,566,890 | 470,067 | 1,377,151 | 413,145 |
| Temporary difference on stock provision | 339,371 | 101,811 | 271,826 | 81,547 |
| Temporary difference on warranty provision | 139,469 | 41,841 | 114,454 | 34,336 |
| Temporary difference on provision for bad and doubtful debts | 134,763 | 40,429 | 231,645 | 69,493 |
| Temporary difference on tax losses carried forward | 16,035,303 | 4,810,591 | 14,873,066 | 4,461,920 |
| Temporary difference on right-of-use asset | (298,727) | (89,618) | (273,101) | (81,930) |
| Temporary difference on Lease Liability | 303,022 | 90,907 | 245,425 | 73,627 |
| Temporary difference on Retention receivable | 11,206 | 3,362 | - | - |
| | (568,710) | (170,612) | (650,129) | (195,040) |
| Company | | | | |
| Temporary difference on property, plant & equipment | (10,030,149) | (3,009,045) | (8,708,522) | (2,612,557) |
| 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 | 1,533,823 | 460,146 | 1,330,333 | 399,100 |
| Temporary difference on stock provision | 294,560 | 88,368 | 245,549 | 73,665 |
| Temporary difference on warranty provision | 79,416 | 23,825 | 88,517 | 26,555 |
| Temporary difference on provision for bad and doubtful debts | 134,763 | 40,429 | 216,109 | 64,833 |
| Temporary difference on tax losses carried forward | 15,995,866 | 4,798,760 | 14,873,066 | 4,461,920 |
| Temporary difference on right-of-use asset | (174,190) | (52,257) | (240,356) | (72,107) |
| Temporary difference on Lease Liability | 181,122 | 54,336 | 210,518 | 63,155 |
| | - | - | - | - |

Management has measured the deferred tax asset by applying the tax rates as per Inland Revenue Act No. 24 of 2017 as at 31 March 2026, in accordance with LKAS 12 paragraph 46.

Notes to the Financial Statements contd.

18. INVENTORIES

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Raw materials | 2,282,149 | 3,696,650 | 1,704,248 | 3,135,730 |
| Goods in transit | 78,741 | 86,639 | 77,903 | 86,579 |
| | 2,360,890 | 3,783,289 | 1,782,151 | 3,222,309 |
| Less: Provision for inventories (Note 18.1) | (339,371) | (271,826) | (294,560) | (245,549) |
| | 2,021,519 | 3,511,463 | 1,487,591 | 2,976,760 |

18.1 Movement in provision for inventories

| | | | | |
|---|---------|---------|---------|---------|
| Balance at the beginning of the year | 271,826 | 215,886 | 245,549 | 194,889 |
| Provision/(reversal) made during the year | 67,545 | 55,983 | 49,011 | 50,703 |
| Amounts written off during the year | - | (43) | - | (43) |
| Balance at the end of the year | 339,371 | 271,826 | 294,560 | 245,549 |

19. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Trade receivables | 1,556,701 | 1,640,397 | 1,359,933 | 1,431,817 |
| Less: Provision for bad and doubtful debts (Note 19.1) | (166,444) | (231,645) | (134,763) | (216,109) |
| | 1,390,257 | 1,408,752 | 1,225,170 | 1,215,708 |
| Accrued revenue | 2,538,177 | 5,090,949 | 1,257,961 | 4,075,940 |
| VAT recoverable | 394,408 | 214,222 | 394,408 | 214,222 |
| Deposits and prepayments | 1,457,767 | 4,488,028 | 1,273,855 | 4,256,684 |
| Cash Marginns kept for LC's | - | 179,902 | 47,397 | 179,902 |
| Other receivables | 1,291,286 | 418,162 | 842,973 | 103,560 |
| | 7,071,895 | 11,800,015 | 5,041,764 | 10,046,016 |

19.1 Movement in provision for bad and doubtful debts

| | | | | |
|--|----------|---------|----------|---------|
| Balance at the beginning of the year | 231,645 | 208,912 | 216,109 | 193,592 |
| Provision/(Revasal) made during the year | (65,201) | 22,733 | (81,346) | 22,517 |
| Balance at the end of the year | 166,444 | 231,645 | 134,763 | 216,109 |

19.2 Movement in VAT Recoverable

| | | | | |
|---------------------------------|----------|----------|----------|----------|
| Gross Refund Due | 214,222 | 228,872 | 214,222 | 228,872 |
| During the Year VAT Recoverable | 228,391 | 45,138 | 228,391 | 45,138 |
| Refund During the period | (37,607) | - | (37,607) | - |
| Provision Made | (10,598) | (59,788) | (10,598) | (59,788) |
| Net VAT Refund recognized | 394,408 | 214,222 | 394,408 | 214,222 |

20. Other financial assets including derivatives

| | Group | | Company | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Non current | | | | |
| Loans given to employees (Note 20.1) | 529,614 | 444,985 | 504,567 | 433,194 |
| Pre paid staff benefits (Note 20.2) | 47,789 | 61,143 | 47,094 | 60,463 |
| | 577,404 | 506,128 | 551,661 | 493,657 |
| Current | | | | |
| Loans given to employees (Note 20.1) | 196,006 | 181,184 | 194,005 | 177,047 |
| Pre paid staff benefits (Note 20.2) | 19,152 | 25,665 | 18,108 | 24,711 |
| | 215,158 | 206,849 | 212,113 | 201,758 |
| | 792,561 | 712,977 | 763,774 | 695,415 |

20.1 Loans given to employees

| | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Balance at the beginning of the year | 712,977 | 616,347 | 695,415 | 604,976 |
| Loans granted during the year | 382,971 | 335,945 | 365,866 | 325,358 |
| Loans recovered during the year | (301,475) | (239,315) | (297,506) | (234,918) |
| | 794,473 | 712,977 | 763,775 | 695,415 |
| Transfer to pre paid staff benefits | (68,853) | (86,808) | (65,202) | (85,174) |
| Balance at the end of the year | 725,620 | 626,169 | 698,573 | 610,241 |

| | | | | |
|-------------|---------|---------|---------|---------|
| Non current | 529,164 | 444,985 | 504,567 | 433,194 |
| Current | 196,006 | 181,184 | 194,005 | 177,047 |

20.2 Prepaid staff benefits

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Balance at the beginning of the year | 86,808 | 87,216 | 85,174 | 85,634 |
| Additions during the year | 27,729 | 39,469 | 27,597 | 39,365 |
| Amortization | (47,596) | (39,877) | (47,569) | (39,825) |
| Balance at the end of the year | 66,941 | 86,808 | 65,202 | 85,174 |

| | | | | |
|-------------|--------|--------|--------|--------|
| Non current | 47,790 | 61,143 | 47,094 | 60,463 |
| Current | 19,152 | 25,665 | 18,108 | 24,711 |

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 contd.

21. AMOUNTS DUE FROM RELATED PARTIES

| | Relationship | Group | | Company | |
|---|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Dockyard General Engineering Services (Pvt) Ltd | Subsidiary | - | - | 152,667 | 97,547 |
| Dockyard Total Solutions (Pvt) Ltd | Subsidiary | - | - | 550,661 | 511,268 |
| | | - | - | 703,328 | 608,815 |

22. CASH AND CASH EQUIVALENTS

22.1 Favourable balances

| | Group | | Company | |
|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Fixed deposits | 2,045,493 | 5,591,471 | 2,045,493 | 5,591,471 |
| Money Market Account | 789,126 | - | 789,126 | - |
| Repurchase agreement | - | 170,000 | - | - |
| Call deposits | 3,031,145 | 15,596 | 3,031,145 | 15,596 |
| Cash at bank | 1,465,715 | 835,608 | 1,295,411 | 528,580 |
| Cash in hand | 22,446 | 15,278 | 19,862 | 14,321 |
| | 7,353,925 | 6,627,953 | 7,181,036 | 6,149,968 |

22.2 Unfavourable balances

| | | | | |
|--|-----------|-------------|-----------|-------------|
| Bank overdrafts | (92,589) | (1,365,661) | - | (1,359,772) |
| Cash and cash equivalents for the purpose of the cash flow statement | 7,261,336 | 5,262,292 | 7,181,036 | 4,790,196 |

23. STATED CAPITAL

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Issued and fully paid | | | | |
| 395,224,082 Ordinary shares (2024 - 71,858,924) | 13,649,002 | 714,396 | 13,649,002 | 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

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Balance at the beginning of the year | 28,667,917 | 23,850,998 | 28,667,917 | 23,850,998 |
| Loans obtained during the year | 3,329,530 | 51,456,837 | 3,289,530 | 51,456,837 |
| Loan repayments during the year | (18,372,793) | (44,919,360) | (18,368,797) | (44,919,360) |
| Adjustment in respect of exchange rate fluctuations | 1,004,634 | (1,720,558) | 1,004,634 | (1,720,558) |
| Balance at the end of the year | 14,629,288 | 28,667,917 | 14,593,284 | 28,667,917 |
| Loan payable within one year | 12,234,654 | 21,210,067 | 12,226,662 | 21,210,067 |
| Loan payable after one year | 2,394,634 | 7,457,850 | 2,366,622 | 7,457,850 |
| | 14,629,288 | 28,667,917 | 14,593,284 | 28,667,917 |

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 INCLUDING DERIVATIVES

| | Group | | Company | |
|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Current | | | | |
| Corporate guarantees | - | - | 1,913 | 1,006 |
| | - | - | 1,913 | 1,006 |

26. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Balance at the beginning of the year | 1,377,151 | 1,308,865 | 1,330,333 | 1,272,743 |
| Provision made in the profit / (loss) during the year (Note 26.3) | 284,272 | 228,008 | 267,537 | 216,932 |
| Payments made during the year | (124,403) | (212,696) | (121,066) | (209,947) |
| Actuarial (gain)/loss recognized in Other Comprehensive Income | 64,531 | 52,974 | 57,020 | 50,605 |
| Balance at the end of the year (Note 26.1 and 26.2) | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |

Notes to the Financial Statements contd.

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

| | Group | | Company | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Present value of unfunded obligations | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |
| Present value of funded obligations | - | - | - | - |
| Total present value of obligations | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |
| Fair value of plan assets | - | - | - | - |
| Present value of net obligations | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |
| Unrecognized net actuarial gains/ (losses) | - | - | - | - |
| Recognized liability for defined benefit obligations | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |

26.2 Movement in the present value of defined benefit obligations

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Liability for defined benefit obligations as at 01 January | 1,377,151 | 1,308,865 | 1,330,333 | 1,272,743 |
| Actuarial (gains)/ losses | 64,531 | 52,974 | 57,020 | 50,605 |
| Benefit paid by the plan | (124,403) | (212,696) | (121,066) | (209,947) |
| Current service costs | 177,208 | 71,562 | 101,245 | 64,203 |
| Past service costs | - | - | - | - |
| Interest cost | 107,064 | 156,446 | 166,292 | 152,729 |
| Liability for defined benefit obligations as at 31 March | 1,601,551 | 1,377,151 | 1,533,824 | 1,330,333 |

26.3 Expense recognized in Profit or Loss for the year ended,

| | | | | |
|------------------------|---------|---------|---------|---------|
| Current service costs | 177,208 | 71,562 | 166,292 | 64,203 |
| Past service costs | - | - | - | - |
| Interest on obligation | 107,064 | 156,446 | 101,245 | 152,729 |
| | 284,272 | 228,008 | 267,537 | 216,932 |

26.4 Gain / (loss) recognized in Other Comprehensive Income

| | | | | |
|--|----------|----------|----------|----------|
| | (64,531) | (52,974) | (57,020) | (50,605) |
|--|----------|----------|----------|----------|

Colombo Dockyard PLC

The actuarial valuations carried out by M/s Actuarial & Management Consultants (Pvt) Limited for retiring gratuity for employees as at 31 March 2026 amounting to Rs1533.82 Mn and used the following key assumptions.

| | 31.03.2026 | 31.12.2024 |
|-----------------------------|------------|------------|
| Rate of interest | 10.5% | 12% |
| Rate of salary increment | 8% | 9% |
| Rate of COLA increment | 0.5% | 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.

| | 31.03.2026 | 31.12.2024 |
|-----------------------------|------------|------------|
| Rate of interest | 10.00% | 13.00% |
| Rate of salary increment | 10.00% | 13.00% |
| Staff turnover factor | 28% | 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 March 2026 is as shown below:

| Effect on the employee benefit obligation | Discount rate (Rs.'000) | Salary escalation rate (Rs.'000) |
|--|------------------------------------|---|
| As per the current assumptions | 1,533,823 | 1,533,823 |
| Increase by one percentage point | 1,435,359 | 1,629,574 |
| Decrease by one percentage point | 1,644,454 | 1,447,268 |

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 March 2026 is as shown below:

| Effect on the employee benefit obligation | Discount rate (Rs.'000) | Salary escalation rate (Rs.'000) |
|--|------------------------------------|---|
| As per the current assumptions | 50,396 | 50,396 |
| Increase by one percentage point | 49,109 | 51,747 |
| Decrease by one percentage point | 51,733 | 49,073 |

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

Notes to the Financial Statements contd.

27. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Trade payables | 911,658 | 845,778 | 719,209 | 550,206 |
| Subcontract payables | 657,092 | 1,091,538 | 192,892 | 1,078,610 |
| Progress bills | 1,966,548 | 1,550,160 | 1,966,548 | 1,550,160 |
| Provision for warranty claims (Note 27.1) | 139,468 | 114,454 | 79,416 | 88,517 |
| Accrued expenses and other provisions | 1,327,830 | 1,306,303 | 1,034,871 | 978,759 |
| Other payables | 1,030,870 | 1,467,063 | 869,540 | 1,068,617 |
| VAT payable | 16,679 | 103,226 | - | - |
| | 6,050,146 | 6,478,522 | 4,862,476 | 5,314,869 |

27.1 Provision for warranty claims

| | | | | |
|--|----------------|----------------|---------------|---------------|
| Balance at the beginning of the year | 114,454 | 127,996 | 88,517 | 99,545 |
| Provision/(reversals) made during the year | 76,667 | 20,314 | 8,437 | 22,828 |
| Claims made during the year | (51,653) | (33,856) | (17,538) | (33,856) |
| Balance at the end of the year | 139,468 | 114,454 | 79,416 | 88,517 |

28. AMOUNTS DUE TO RELATED PARTIES

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Ceylon Shipping Agency (Pte) Ltd. | - | - | 359,558 | 282,278 |
| Dockyard General Engineering Services (Pvt) Ltd | - | - | 26,553 | 18,870 |
| Dockyard Total Solutions (Pvt) Ltd. | - | - | 311,592 | 413,793 |
| | - | - | 697,703 | 714,941 |

29. INCOME TAX PAYABLE

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Balance at the beginning of the year | 29,945 | 67,648 | - | - |
| Provision for income tax on current year's profits | 18,708 | - | - | - |
| Over provision of income tax in respect of prior year | - | (23,623) | - | - |
| Tax paid during the year | (17,134) | (14,080) | - | - |
| Balance at the end of the year | 31,519 | 29,945 | - | - |

30. DIVIDEND PAYABLE

| | Group | | Company | |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Balance at the beginning of the year | 10,484 | 10,487 | 10,484 | 10,487 |
| Payments during the year | - | (3) | - | (3) |
| Balance at the end of the year | 10,484 | 10,484 | 10,484 | 10,484 |

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:

| | Note | Group | | Company | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (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 | 577,404 | 506,128 | 551,661 | 493,657 |
| Trade and other receivables | 19 | 5,614,128 | 7,311,987 | 3,767,909 | 5,789,332 |
| Other financial assets including derivatives - Current | 20 | 215,158 | 206,849 | 212,113 | 201,758 |
| Amounts due from related parties | 21 | - | - | 703,328 | 608,815 |
| Cash and cash equivalents | 22.1 | 7,353,925 | 6,627,953 | 7,181,036 | 6,149,968 |
| Total | | 13,760,615 | 14,652,917 | 12,416,047 | 13,243,530 |
| Fair value through other comprehensive income | | | | | |
| SOFP Line Item: | | | | | |
| Investments classified as FVTOCI | 16.1 | 19,008 | 21,574 | 19,008 | 21,574 |
| Total | | 19,008 | 21,574 | 19,008 | 21,574 |
| Financial liabilities | | | | | |
| Other financial Liabilities | | | | | |
| SOFP line Item: | | | | | |
| Loans and borrowings | 24 | 14,629,288 | 28,667,917 | 14,593,284 | 28,667,917 |
| Trade and other payables | 27 | 3,944,130 | 4,813,908 | 2,816,513 | 3,676,194 |
| Other financial liabilities including derivatives - Current | 25 | - | - | 1,913 | 1,006 |
| Amounts due to related parties | 28 | - | - | 697,703 | 714,941 |
| Lease Liability | 14.2 | 237,048 | 245,425 | 181,123 | 210,518 |
| Bank overdrafts | 22.2 | 92,589 | 1,365,661 | - | 1,359,772 |
| | | 18,903,055 | 35,092,911 | 18,290,536 | 34,630,348 |

Level 3 Inputs are based on: Valuation technique - Net Asset per Share Range (1,000 - 10,000)

Notes to the Financial Statements contd.

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.

| As at 31 March 2026 | 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) |
| Financial assets | | | | | | |
| Unquoted equity investments - | | | | | | |
| unquoted shares | - | - | 19,008 | - | - | 19,008 |
| Fair value through profit or | | | | | | |
| loss investments | - | - | - | - | - | - |
| | - | - | 19,008 | - | - | 19,008 |
| Financial liabilities | | | | | | |
| Forward exchange contracts | | | | | | |
| (Derivatives) | - | - | - | - | - | - |
| Corporate guarantee | - | - | - | - | 1,913 | - |
| | - | - | - | - | - | 1,913 |
| 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 |

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) | 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.

Notes to the Financial Statements contd.

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

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.

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;

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
| Trade and other receivables | 1,556,701 | 1,640,397 | 1,359,933 | 1,431,817 |
| Other financial assets | 794,473 | 712,977 | 763,775 | 695,415 |
| Investments classified as fair value through profit or loss | - | 30,474 | - | - |
| Amount due from related parties | - | - | 703,328 | 608,815 |
| Total exposure to the credit risk | 2,351,174 | 2,383,848 | 2,827,036 | 2,736,047 |

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 | 1,163,808 | (57) | 1,132,112 | 967,040 | (57) | 966,983 |
| Within 180 days | 171,018 | (21) | 170,997 | 171,018 | (21) | 170,997 |
| 181-365 days | 36,642 | (7) | 36,635 | 36,642 | (7) | 36,635 |
| More than 365 days | 185,233 | (166,359) | 50,513 | 185,233 | (134,720) | 50,513 |
| | 1,556,701 | (166,444) | 1,390,257 | 1,359,933 | (134,763) | 1,225,170 |

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 March 2026

| 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 | 237,048 | 51,140 | 185,908 | 181,123 | 40,818 | 140,305 |
| Interest bearing borrowings | 14,629,288 | 12,234,654 | 2,394,634 | 14,593,284 | 12,226,662 | 2,366,622 |
| Trade and other payable | 3,927,451 | 3,927,451 | - | 2,816,512 | 2,816,512 | - |
| Bank overdrafts | 92,589 | 92,589 | - | - | - | - |
| | 18,886,376 | 16,305,834 | 2,580,542 | 17,590,919 | 15,083,992 | 2,506,927 |

Notes to the Financial Statements contd.

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 | 2026.03.31 | | | 2024.12.31 | | |
|---|----------------|------------------|-------------------|----------------|------------------|-------------------|
| | SGD | EUR | USD | SGD | EUR | USD |
| Trade and other receivables | 48,179 | 2,101,616 | 1,843,532 | 4,651 | 3,164,568 | 1,911,769 |
| Cash at bank | - | 1,041,588 | 117,310 | - | 309,178 | 611,397 |
| Fixed Deposit | - | - | 2,045,493 | - | 332,801 | 4,449,242 |
| Intrest Bearing Borrowings | - | - | 11,047,099 | - | - | 14,346,023 |
| Trade and other payables | 378,182 | 3,795,124 | 1,245,691 | 282,208 | 241,613 | 308,995 |
| Net Statement of financial position exposure | 426,361 | 6,938,328 | 16,299,125 | 286,859 | 4,048,160 | 21,627,426 |

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

| Currency | Average rate | | Closing rate | |
|-------------------|--------------|------------|--------------|------------|
| | 2026.03.31 | 2024.12.31 | 2026.03.31 | 2024.12.31 |
| U. S. Dollar | 301.94 | 303.67 | 315.55 | 292.75 |
| Euro | 341.47 | 328.90 | 361.58 | 304.13 |
| Singapore Dollars | 232.10 | 227.91 | 229.07 | 215.77 |
| Japanese Yen | 2.01 | 2.02 | 1.98 | 1.88 |

Sensitivity analysis

A strengthening or weakening of Sri Lankan Rupees as indicated below, against the major foreign currencies as at 31 March 2026 would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Increase/(decrease) in principal exchange rates

| (5% movement) | Effect on Profit before Tax | |
|-------------------------------|-----------------------------|-------------------------|
| | Strengthen (Rs. '000) | Weakening (Rs. '000) |
| As at 31 March 2026 | | |
| U. S. Dollar | (262,762) | 262,762 |
| Euro | (32,596) | 32,596 |
| Singapore Dollars | (16,500) | 16,500 |
| As at 31 December 2024 | | |
| U. S. Dollar | (384,130) | 384,130 |
| Euro | 178,247 | (178,247) |
| Singapore Dollars | (13,877) | 13,877 |

(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.

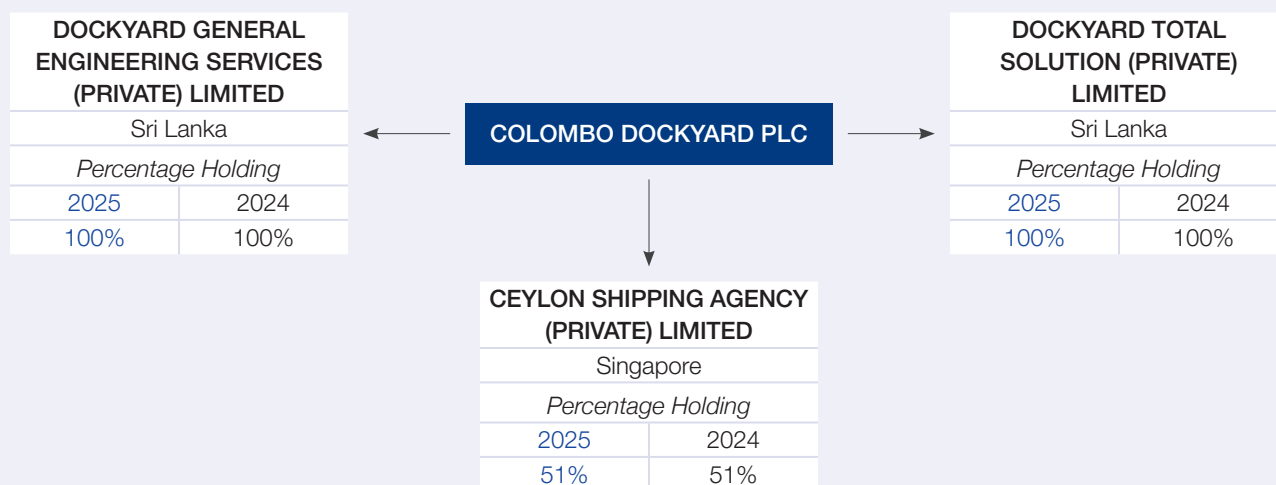
| Rs '000 | Group | | Company | |
|----------------------------------|------------|------------|------------|------------|
| | 31.03.2026 | 31.12.2024 | 31.03.2026 | 31.12.2024 |
| Fixed rate instruments | | | | |
| Financial assets | 5,865,764 | 6,233,234 | 5,865,764 | 6,217,308 |
| Financial liabilities | 2,394,634 | 8,899,098 | 2,366,622 | 8,864,191 |
| Variable rate instruments | | | | |
| Financial liabilities | 12,234,654 | 21,379,907 | 12,226,662 | 21,374,016 |

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:

Notes to the Financial Statements *contd.*

| 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 March 2026 | | | | |
| On variable rate instruments -USD | 218,906 | (218,906) | 217,743 | (217,743) |
| -Euro | - | - | - | - |
| As at 31 December 2024 | | | | |
| On variable rate instruments -USD | 365,122 | (365,122) | 364,555 | (364,555) |
| -Euro | - | - | - | - |

33. LIST OF SUBSIDIARIES



34. NON-CONTROLLING INTEREST

| | Principal place of business | Operating segment | Ownership interest held by Non Controlling Interest | |
|--|-----------------------------|-------------------|---|------------|
| | | | 31.03.2026 | 31.12.2024 |
| 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.

| | 31.03.2026 (Rs.'000) | 31.12.2024 (Rs.'000) |
|--|-------------------------|-------------------------|
| Revenue | 1,429,249 | 1,183,387 |
| Profit | (23,350) | (2,568) |
| Profit attributable to Non Controlling Interest | (11,442) | (1,258) |
| Other comprehensive income | - | - |
| Total comprehensive income | (23,350) | (2,568) |
| Total comprehensive income attributable to Non Controlling Interest | (11,442) | (1,258) |
| Current assets | 511,395 | 515,684 |
| Non-current assets | 212 | 243 |
| Current liability | (124,097) | (150,191) |
| Non-current liability | - | - |
| Net asset | 387,510 | 365,736 |
| Net asset attributable to Non Controlling Interest | 189,880 | 179,211 |
| Cash flow from operating activities | (22,462) | 96,951 |
| Cash flow from investing activities | - | (109) |
| Cash flow from financing activities | - | - |
| Net increase in cash and cash equivalents | (22,462) | 96,842 |
| 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.752 Mn (2024 - Rs.3,501 Mn) as at the reporting date.

| Bank | Letter of credit (Rs.'000) | Performance & bid bonds (Rs.'000) | Advance and | | Total (Rs.'000) |
|-------------------------------|-------------------------------|--------------------------------------|------------------------------|----------------------------------|--------------------|
| | | | Retention Bonds (Rs.'000) | Miscellaneous Bonds (Rs.'000) | |
| Bank of Ceylon PLC | 74,938 | 12,617 | 752,956 | 62,791 | 903,302 |
| National Development Bank PLC | - | - | - | 22,500 | 22,500 |
| Standard Chartered Bank | - | - | - | 2,327,616 | 2,327,616 |
| State Bank of India - Colombo | - | - | - | 923,773 | 923,773 |
| | 74,938 | 12,617 | 752,956 | 3,336,680 | 4,177,191 |

Notes to the Financial Statements 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. Certain letters issued by Customs.

Company responded. Customs issued order directing to pay Rs. 15,000,000 under section 50A(2). Company has made payment on 15.09.2025 complying with Customs order.

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 March 2026.

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 | 74,738 |
| | Mr. K. Nayakarathne | | Fess for management services | 2,136 |
| | Mr. M De Silva | | Lease rental income | 5,804 |
| | Mr. P.D.G Ravinatha | | Dividend income | 237,700 |
| | | | Purchase of materials | 493 |
| | | | Obtaining sub contracting services | 30,690 |
| | | | Transport cost | 39,827 |
| Ceylon Shipping Agency (Pte) Ltd | Mr. Thimira S. Godakumbura | Subsidiary | Purchase of Material | 1,429,249 |
| | Mr. L Ganlath | | | |
| | Mr. P.D.G Ravinatha | | | |
| Dockyard Total Solutions (Pvt) Ltd. | Mr. Thimira S. Godakumbura | Sub - subsidiary | Supply of multi skilled labour | 545,558 |
| | Mr. R.M.V Rathnayaka | | | |
| | Mr. P.D.G Ravinatha | | | |

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

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

During the year ended 31 March 2026, 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

| | 2026.03.31 | 2024.12.31 |
|-------------------------------|------------|------------|
| | Rs.'000 | Rs.'000 |
| Short Term Employment Benefit | 155,882 | 96,175 |
| Total Employment Benefit | 155,882 | 96,175 |

(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. UPDATE ON THE PRESENT FINANCIAL STATUS OF THE COMPANY

In the Annual Report 2024, Note No. 38 (Page 148) included a specific disclosure on the Going Concern assumption, in light of the significant financial challenges faced by the Company at that time. This note provides an update on the Company's current financial position and stability. The steps undertaken by the Company to reach its present financial standing have been communicated through market announcements issued since June 2025.

The Company successfully completed its Rights Issue in January 2026, raising equity amounting to Rs. 12,935 million through the issuance of 323,365,158 new shares at a price of Rs. 40 per share. Consequently, the Company's Stated Capital increased to Rs. 13,649 million, while Total Equity of the Company stood at Rs. 12,961 million (Group – Rs 15,501 Mn) as at the reporting date. This reflects a significant strengthening of the Company's financial position and its ability to move forward in its normal course of business.

Following the completion of the Mandatory Offer in March 2026, Mazagon Dock Shipbuilders Limited (MDL), a publicly listed Indian state-owned enterprise on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), became the majority shareholder of the Company, holding a 51% stake. This partnership brings considerable strategic capabilities, financial strengths, and technical expertise, positioning the Group for sustained growth and long-term success.

Notes to the Financial Statements *contd.*

As at the reporting date, the Company's current liabilities amounted to Rs. 17,840 million, while current assets stood at Rs. 14,626 million. The Company has successfully negotiated with its lending banks to restructure debt facilities up to USD 40 million, whereby short-term borrowings (excluding project-specific loans) will be converted into long-term facilities, thereby improving liquidity ratios. In addition, the Company has access to unutilized credit facilities above USD 45 million, which can be drawn up to meet short-term funding requirements, if required.

In view of the above, the Board of Directors and Management are satisfied that there are no material uncertainties that would cast doubt on the Company's ability to continue as a going concern. Accordingly, the Company is expected to continue its operations in the foreseeable future in the normal course of business.

39. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

40. CHANGE IN THE FINANCIAL YEAR AND COMPARATIVE INFORMATION

After obtaining the necessary approvals, the Company changed its financial year-end from 31 December to 31 March. Accordingly, the current financial period covers a period of fifteen (15) months from 1 January 2025 to 31 March 2026.

As a result, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the related notes for the current period reflect the results and cash flows for the fifteen-month period ended 31 March 2026. The comparative information presented for these statements relates to the twelve-month period from 1 January 2024 to 31 December 2024 and, therefore, is not entirely comparable with the current period.

The Statement of Financial Position presents the financial position of the Company and the Group as at 31 March 2026, while the comparative balances represent the financial position as at 31 December 2024.

Ten Years Financial Summary

| Income Statement | 01.01.2025 to 31.03.2026 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------------|----------|----------|----------|----------|---------|----------|----------|----------|---------|----------|
| For the year ended 31st December | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn |
| Revenue | 33,190 | 23,695 | 33,068 | 24,533 | 14,885 | 8,079 | 10,145 | 13,169 | 12,052 | 9,973 | 14,407 |
| Cost of Sales | (29,535) | (23,576) | (40,030) | (22,834) | (13,048) | (7,480) | (10,038) | (12,232) | (10,607) | (8,736) | (13,616) |
| Gross Profit/(Loss) | 3,655 | 119 | (6,962) | 2,055 | 1,835 | 599 | 107 | 937 | 1,445 | 1,237 | 791 |
| Other Expenses | (4,650) | (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 | (995) | (3,422) | (11,667) | (2,816) | (428) | (1,207) | (2,167) | (1,049) | (473) | (591) | (923) |
| Other Operating Income | 764 | 631 | 479 | 4,428 | 467 | 164 | 166 | 1,060 | 202 | 143 | 170 |
| Profit/(Loss) FROM OPERATION | (231) | (2,791) | (11,188) | 1,612 | 39 | (1,043) | (2,001) | 11 | (271) | (448) | (753) |
| Net Interest Costs | (2,347) | (2,103) | (2,390) | (1,025) | 278 | (206) | 190 | 160 | 197 | 10 | 59 |
| Profit/(Loss) before Tax | (2,578) | (4,894) | (13,578) | 587 | 317 | (1,249) | (1,811) | 171 | (74) | (438) | (694) |
| Taxation | (53) | 2137 | 2451 | (71) | (147) | (97) | (123) | (27) | (69) | 6 | (14) |
| NET PROFIT/(LOSS) FOR THE YEAR | (2,631) | (2,757) | (11,127) | 516 | 171 | (1,346) | (1,935) | 144 | (143) | (432) | (708) |
| Retaind Profit b/f | (8,607) | (5,874) | 5144 | 4,778 | 4,611 | 6,119 | 8160 | 8,108 | 8,302 | 8,722 | 9,646 |
| Profit available for Appropriation | (11,238) | (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 | 141 | 24 | 109 | (168) | (4) | (162) | (113) | (92) | (51) | 12 | (216) |
| | (11,097) | (8,607) | (5,874) | 5,144 | 4,778 | 4,611 | 6,112 | 8,160 | 8,108 | 8,302 | 8,722 |

| Balance Sheet | 31.03.2026 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| As at 31st March 2026 | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn | Rs. Mn |
| ASSETS | | | | | | | | | | | |
| Property Plant & Equipment | 19,438 | 19,552 | 12,626 | 4,673 | 4,667 | 4,803 | 4,231 | 4,049 | 3,806 | 4,038 | 4,328 |
| Investments & Taxes | 778 | 775 | 710 | 567 | 751 | 913 | 920 | 695 | 608 | 594 | 523 |
| | 20,216 | 20,327 | 13,336 | 5,240 | 5,418 | 5,716 | 5,151 | 4,744 | 4,414 | 4,632 | 4,851 |
| Current Assets | | | | | | | | | | | |
| Inventories | 1,487 | 2,977 | 3,243 | 5,140 | 1,693 | 878 | 505 | 718 | 647 | 1,235 | 985 |
| Trade & Other Receivables | 5,957 | 10,856 | 15,167 | 19,877 | 10,141 | 4,812 | 4,984 | 5,491 | 7,002 | 11,005 | 9,503 |
| Cash & Cash Equivalent | 7,181 | 6,150 | 4,304 | 18,165 | 6,827 | 4,191 | 3,986 | 4,115 | 4,642 | 2,110 | 1,870 |
| | 14,625 | 19,983 | 22,714 | 43,182 | 18,662 | 9,881 | 9,475 | 10,324 | 12,291 | 14,350 | 12,358 |
| TOTAL ASSETS | 34,842 | 40,310 | 36,050 | 48,422 | 24,081 | 15,597 | 14,626 | 15,068 | 16,705 | 18,982 | 17,209 |
| EQUITY & LIABILITIES | | | | | | | | | | | |
| Stated Capital | 13,649 | 714 | 714 | 714 | 714 | 714 | 714 | 714 | 714 | 714 | 714 |
| Other Reserves | 18 | 21 | 22 | 22 | 17 | (105) | (6) | 93 | 16 | 15 | 15 |
| Revaluation Reserve | 10,391 | 10,572 | 5,611 | - | - | - | - | - | - | - | - |
| Revenue Reserves | (11,097) | (8,607) | (5,874) | 5,144 | 4,778 | 4,611 | 6,118 | 8,160 | 8,108 | 8,302 | 8,722 |
| Share Holders Fund (Net Worth) | 12,961 | 2,700 | 473 | 5,880 | 5,510 | 5,220 | 6,826 | 8,967 | 8,838 | 9,031 | 9,451 |
| Non-Current Liabilities | | | | | | | | | | | |
| Interest bearing borrowings | 2,366 | 7,458 | 3,000 | - | - | - | - | - | - | - | - |
| Lease Liability | 140 | 128 | 161 | 135 | 156 | 186 | 167 | - | - | - | - |
| Retirement benefit Obligation | 1,534 | 1,330 | 1,273 | 1,201 | 928 | 1,015 | 860 | 842 | 899 | 839 | 870 |
| | 4,040 | 8,916 | 4,434 | 1,336 | 1,084 | 1,201 | 1,027 | 842 | 899 | 839 | 870 |
| Current Liabilities | | | | | | | | | | | |
| Trade & Other Payables | 5,604 | 6,114 | 8,572 | 14,860 | 6,273 | 2,714 | 3,086 | 2,531 | 3,448 | 1,676 | 2,332 |
| Interest bearing Borrowings | 12,226 | 21,210 | 20,850 | 24,038 | 11,025 | 6,441 | 3,671 | 2,713 | 3,494 | 7,410 | 4,507 |
| Income Tax Payable | | | - | - | - | - | - | - | - | - | - |
| Dividends Payable | 10 | 10 | 10 | 10 | 9 | 10 | 11 | 15 | 26 | 26 | 40 |
| Bank Overdraft | 0 | 1,360 | 1,711 | 2,298 | 178 | 11 | 5 | - | - | - | 9 |
| | 17,840 | 28,694 | 31,143 | 41,206 | 17,485 | 9,176 | 6,773 | 5,259 | 6,968 | 9,112 | 6,888 |
| Total Liabilities | 34,842 | 40,310 | 36,050 | 48,422 | 24,081 | 15,597 | 14,626 | 15,068 | 16,705 | 18,982 | 17,209 |

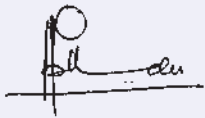
Notice of Annual General Meeting

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 Third 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 at 10.00 a.m. on the 25th of June 2026 for the following purposes.

1. To receive the Report of the Directors on the Affairs of the Company, the Audited Accounts for the fifteen months period ended 31st March 2026 and the Report of the Auditors.
2. To pass the ordinary resolution to reappoint Mr. Chatura Chanaka Wickramatileka 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. Chatura Chanaka Wickramatileka, 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.”
3. To pass the ordinary resolution to reappoint Mr. Chanaka Anthony Mahen Jayamaha 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. Chanaka Anthony Mahen Jayamaha, 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.”
4. To re-appoint Messrs. KPMG, the retiring Auditors of the Company, and authorize the Directors to fix their remuneration.
5. To authorize the Directors to determine donations for the year 2026/2027 and up to the date of the next Annual General Meeting

By order of the Board
COLOMBO DOCKYARD PLC



Manori Mallikarachchi
Company Secretary

3rd day of June 2026
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.

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)

| | |
|--------------------------------|----------------|
| Capt. Jagmohan (Retd.) | or failing him |
| Mr. Thimira S. Godakumbura | or failing him |
| Mr. Ruchir Agrawal | or failing him |
| Mr. Biju George | or failing him |
| Mr. Vish Govindasamy | or failing him |
| Mr. Chatura Wickramatileka | or failing him |
| Mr. Chanaka Jayamaha | or failing him |
| Mr. Chaminda Gunasinghe | or failing him |
| Mr. S. Senthil Nandhanan | or failing him |
| Mrs. Dilrukshi Kurukulasuriya. | |

as my/our Proxy to represent and speak and vote for me/us* and on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on the 25th of June 2026 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 to re-appoint Messrs. KPMG the retiring Auditors and authorize the Directors to fix their remuneration. | <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 authorize the Directors to determine donations for the year 2026/2027 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 Six.

.....
Signature

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

Overview

Management Discussion
and Analysis

Stewardship

Financial
Report

Supplementary
Information

Form of Proxy contd.

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 - SVAT 000846
Income tax - 124085896-0000

DIRECTORS

Capt. Jagmohan (Retd.) (Chairman)
Thimira S. Godakumbura (MD/CEO)
Shri Ruchir Agrawal
Shri Biju George
Vish Govindasamy
Chatura Wickramatileka
Chanaka Jayamaha
Chaminda Gunasinghe
S. Senthil Nandhanan
Dilrukshi Kurukulasuriya

AUDIT COMMITTEE

Chatura Wickramatileka (Chairman)
Chanaka Jayamaha
Shri Ruchir Agrawal

REMUNERATION COMMITTEE

Chanaka Jayamaha (Chairman)
Chatura Wickramatileka
Shri Ruchir Agrawal
Shri Biju George

RELATED PARTY TRANSACTION COMMITTEE

Chanaka Jayamaha (Chairman)
Chatura Wickramatileka
Thimira S. Godakumbura
Shri Ruchir Agrawal
Shri Biju George

NOMINATION AND GOVERNANCE COMMITTEE

Chatura Wickramatileka (Chairman)
Chanaka Jayamaha
Shri Ruchir Agrawal
Shri Biju George

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)

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

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

Prabath. S. Abeysinghe
General Manager (Yard Development)

S.H.P.K. Ranatunga
General Manager (Ship Repair Business)

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 March

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

Concept & Designed by





**COLOMBO
DOCKYARD**

Colombo Dockyard PLC
P O Box 906, Port of Colombo
Colombo 15, Sri Lanka.

+94 112 429 000

www.cdl.lk