



COLOMBO DOCKYARD PLC

"...an Odyssey of Excellence"

Audited Financial Statements

For the Fifteen Months Period From 01.01.2025 to 31.03.2026

Independent Auditors' Report



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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 05 to 60 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.

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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

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 blue 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 11 to 60 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 11 to 60 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

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 11 to 60 form an integral part of these Financial Statements.
(Figures in brackets indicate deductions)

Statement of Cash Flows

	Group		Company	
	01.01.2025 to 31.03.2026	01.01.2024 to 31.12.2024	01.01.2025 to 31.03.2026	01.01.2024 to 31.12.2024
Note	(Rs.'000)	(Rs.'000)	(Rs.'000)	(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)

Statement of Cash Flows Contd.

	Group		Company	
	01.01.2025 to 31.03.2026	01.01.2024 to 31.12.2024	01.01.2025 to 31.03.2026	01.01.2024 to 31.12.2024
Note	(Rs.'000)	(Rs.'000)	(Rs.'000)	(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	29 -31
Property, plant and equipment	11	33 - 37
Intangible assets	13	38
Deferred tax assets / liabilities	17	41
Employee benefits	26	45 - 47
Fair value measurement of financial asset at FVOCI	16.1	40
Fair value measurement of financial asset at FTPL	16.2	40
Provision for warranty claims	27.1	48

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 Carries	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
Bangaladesh	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

Notes to the Financial Statements Contd.

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 Land hold Rs.'000	Drydocks hold Land Rs.'000	Road ways Rs.'000	Building Rs.'000	Machinery (Dock Side Cranes) Rs.'000	Plant, Machinery & Electrical Installation Rs.'000	Motor Vehicles Rs.'000	Office Equipment, Furniture & Fittings Rs.'000	Loose Tools Rs.'000	Boats & Launches Rs.'000	Capital Work In Progress Rs.'000	Total Rs.'000	Total Rs.'000	Total Rs.'000	
Balance as at 01 January 2025	99,132	6,592,000	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	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 Rs.'000	Total Rs.'000		
	Drydocks		Road ways		Plant, Machinery (Dock Side Cranes)		Plant, Machinery & Electrical Installation		Motor Vehicles		Office Equipment, Furniture & Fittings				Loose Tools Launches	
	In Lease Land Rs.'000	Drydocks hold Land Rs.'000	Road ways Rs.'000	Building Rs.'000	Plant, Machinery (Dock Side Cranes) Rs.'000	Plant, Machinery & Electrical Installation Rs.'000	Motor Vehicles Rs.'000	Inventory Items Rs.'000	Equipment, Furniture & Fittings Rs.'000	Loose Tools Rs.'000	Launches Rs.'000	Capital Work In Progress Rs.'000			Total 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 (m³)	Age	Valuation technique	Estimated Price per m³ (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 to Fair Value LKR Mn	Correlation
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)	1 125	Positive

Notes to the Financial Statements Contd.

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

Notes to the Financial Statements Contd.

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)
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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)
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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.

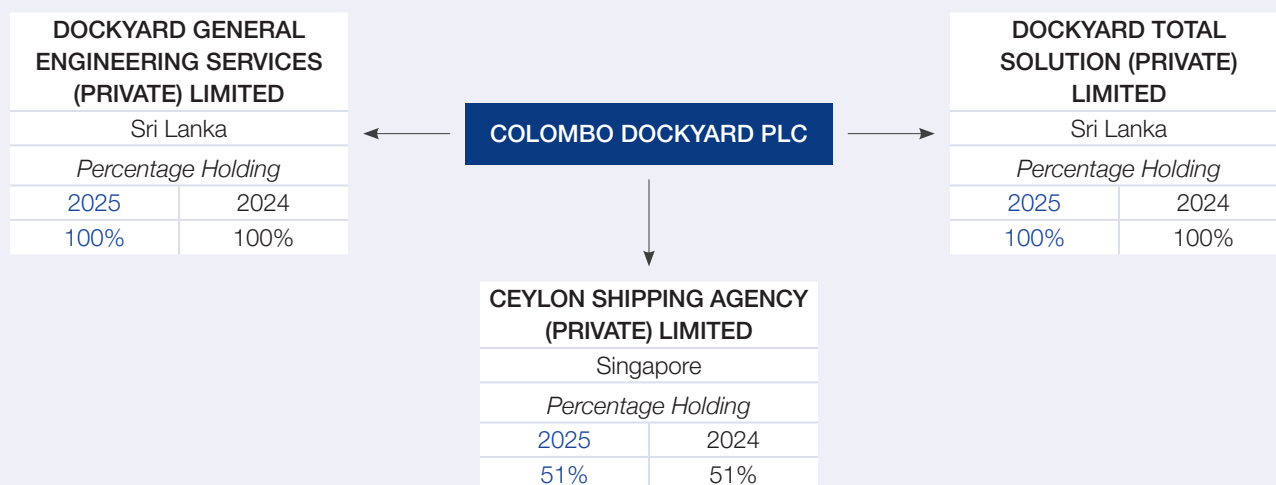
Rs '000	Group		Company	
	31.03.2026	31.12.2024	31.03.2026	31.12.2024
Fixed rate instruments				
Financial assets	5,865,764	6,233,234	5,865,764	6,217,308
Financial liabilities	2,394,634	8,899,098	2,366,622	8,864,191
Variable rate instruments				
Financial liabilities	12,234,654	21,379,907	12,226,662	21,374,016

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.



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