

# Financial Calendar

## 2008

Despatch of Annual Report - 2007	27 February, 2008
Ex-Dividend Date	26 March, 2008
25th Annual General Meeting - 2007	25 March, 2008
First & Final Dividend Proposed	19 February, 2008
Payment of Dividend	31 March, 2008
Interim Report - 1st Quarter-2008	26 May, 2008
Interim Report - 2nd Quarter-2008	25 August, 2008
Interim Report - 3rd Quarter-2008	24 November, 2008
Financial Year-end	31 December, 2008

## 2009

Despatch of Annual Report - 2008	04 March, 2009
Ex-Dividend Date	30 March, 2009
26th Annual General Meeting - 2008	27 March, 2009
First & Final Dividend Authorised	20 February, 2009
Payment of Dividend	31 March, 2009
Interim Report - 1st Quarter-2009	26 May, 2009
Interim Report - 2nd Quarter-2009	25 August, 2009
Interim Report - 3rd Quarter-2009	24 November, 2009
Financial Year-end	31 December, 2009

# Report of the Directors

The Directors presents their report to the members together with the audited Financial Statements of Colombo Dockyard PLC and Consolidated Financial Statements of the group for the year ended 31st December 2008.

## Principal Activities

The principle activities of the Group during the year were:

- Shiprepairs
- Shipbuilding
- Heavy Engineering
- Offshore Engineering
- General Engineering
- Supply channel for high-tech engineering items

There have been no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

## Review of Business

A review of the operation of the Company during the financial year and results of those operations and future developments are stated in the Chairman's Communique & Managing Director/CEO's Review on page 6 to 17 in this Annual Report. These reports form an integral part of the Report of the Directors'.

## Future Developments

Future prospects of the group are covered in Chairman's Communique & Managing Director/CEO's Review of this report.

## Going Concern

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

## Share Information

Information relating to earnings, dividends, and net assets per share and market value per share is given in the page 46 to 48 of the Sustainability Report.

## Group Revenue

The revenue of the Group during the year was Rs. 11,155 Mn (2007 – Rs. 8,859 Mn). An analysis of the revenue is given in Note 1 to the Financial Statements.

## Group Employment

The number of persons employed by Colombo Dockyard PLC and its Subsidiaries as at 31st December 2008 was as follows:

	2008	2007
Group	1,662	1,642
Colombo Dockyard PLC	1,643	1,627

## Profit & Appropriation

	2008 Rs.000	2007 Rs.000
<b>Profit for the year:</b>		
Group pre-tax profit	1,722,003	1,321,505
Provision for Taxation	(266,881)	(218,669)
Group post-tax profit	1,455,122	1,102,836
Amount attributable to		
Minority Interest	(1,644)	(1,606)
Profit attributable to the Shareholders of		
Colombo Dockyard PLC	1,453,478	1,101,230
Retained Profit B/F	2,593,550	1,687,854
Dividends - Paid Rs. 3.00 per share	(195,534)	(195,534)
Capitalisation of Reserves		
(Bonus Issue)	(32,589)	-
Retained Profit C/F	3,818,905	2,593,550

## Reserves

Total Group Reserves as at 31st December 2008, amounted to Rs. 3,819 Mn (31st December 2007- Rs. 2,594 Mn). The movements of the Reserves during the year are shown in the Financial Statements of Changes in Equity. An amount of Rs. 479 Mn out of these reserves would be utilized for the payment of dividends authorised for the year 2008, leaving a balance of of Rs. 3,340 Mn to be carried forward.

## Property, Plant & Equipment

The Company total capital expenditure on acquisition of Property, plant and equipment during the year amounted to Rs. 508.2 Mn. (2007-Rs. 462.3 Mn) and details of which are given in Note 8 to the Financial Statements.

## Statutory Payments

The Directors, to the best of their knowledge and belief, confirmed that all payments in respect of statutory liabilities to Employees and the Government have been made within the stipulated period during the financial year 2008.

## Dividends

Directors have authorised and approved a first and final Dividend of Rs. 7.00 per share for the year ended 31st December 2008 (31st December 2007 - Rs. 3.00 per share). The Ex - Dividend date is 30th March 2009 and payable on 31st March 2009.

The resident share holders' dividends are subject to dividend tax of 10%. Since the concessionary tax exemption period and one year thereafter has been completed under BOI agreement in the year of 2008.

Statement of Solvency presented by the Directors and Certificate of Solvency by the Auditors appear in this Report respectively.

## Statement Of Solvency

Solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007 for the payment of First and Final Dividend of Rs. 7.00 per share amounting to Rs. 479 Mn, directors have acknowledged their responsibility for the assessment of solvency of the Company, immediately after the distribution of dividends is made, based on the audited Financial Statements of the year/period ended 31st December 2008.

### (i) Ability To Pay Debts In The Normal Course of Business

Net Current Assets Position as at 31st December 2008

2007 Rs.'000		2008 Rs.'000
9,744,836	Total Current Assests	10,185,774
7,641,123	Total Current Liabilities	7,170,173
2,103,713	Net Current Assets	3,015,601

### (ii) Value of Company's Assets less liabilities, stated capital and proposed/ authorised dividends

2007 Rs.'000		2008 Rs.'000
11,571,820	Total Assets	12,408,533
8,398,049	Total Liabilities	8,007,086
3,173,771	Stated Capital & Reserves	4,401,447
Nil	Adjustment required by S57(2)B Distribution of Rs.7.00 per Ordinary Share(2007 - Rs. 3.00)	Nil
195,534	Stated Capital and Reserves after Distribution	479,059
2,978,237		3,922,388

## Solvency Test

Based on the above assessments and after considering circumstances which could affect the value of the Company's assets and liabilities as at this date, directors confirm by their statement dated 20th February 2009, to the best of their knowledge and belief, that the Company will satisfy the solvency test required by the Act, immediately after the distribution of first and final dividends of Rs. 479 Mn.

## Certificate of Solvency By Auditors

Auditors, M/s KPMG Ford Rhodes Thornton & Company, have certified the statement of solvency prepared by the Board of Directors for the distribution of first and final dividend of Rs. 7.00 per share amounting to Rs.479 Mn as required by Section 56 (2) of the Companies Act No. 07 of 2007 by their certificate dated 25th February 2009.

## Special Business (Major Transactions)

The business of the Company requires a high level of borrowing to meet the continuous working capital requirements in order to execute orders on behalf of clients.

At the last Annual General Meeting the shareholders empowered the Directors to incur obligations or liabilities of sums not exceeding one hundred per centum (100%) of the value of the assets of the Company, as they consider necessary for the purposes of the Company. This approval covered the period from the last Annual General Meeting from 25th March 2008 until the Annual General Meeting in the year 2009 or for a period of one year from the conclusion of the Annual General Meeting held in the year 2008 (whichever occurs earlier).

Due to the exigencies of fund requirements, the Directors consider it prudent to seek similar approval of the shareholders to facilitate incurring of obligations and liabilities, up to 100% of the value of the Company's assets which may amount to a "Major Transaction" in terms of the Companies Act No.7 of 2007(Act) during the period commencing from the conclusion of the forthcoming Annual General Meeting until the Annual General Meeting to be held in the year 2010.

A Special Resolution is placed before the shareholders in terms of Section 185(1)(a) read together with Section 185(2)(c) of the Companies Act seeking the approval of the shareholders, for the Company if required to enter into a major transaction which has or likely to have the effect of the Company incurring obligations or liabilities of a value which is greater than half the value of the assets during the period from the conclusion of the forthcoming Annual General Meeting until the Annual General Meeting in 2010.

The present value of the total assets of the Company is approximately Rs. 12,409 Mn.

The present level of total major transactions (obligations and liabilities) of the Company stands at approximately Rs 15,247 Mn. at the Balance Sheet date.

The Directors draw the attention of the shareholders to Sections 92, 93, 94 and 95 of the Act which sets out the rights of a dissenting shareholder (a shareholder who votes against the special resolution placed before the meeting).

## Directorate

### Executive Directors

Mr. S. Tatebe – Chairman  
Mr. Mangala P. B Yapa – Managing Director/CEO  
Mr. Y. Kijima

### Non-Executive Directors

Mr. S. De Costa – Vice Chairman  
Mr. Y. Hamane  
Mr. L. Ganlath  
Mr. H.A.R.K. Wickramathilake  
Mr. R.S.J. Al Suwaidi  
Mr. T. Inahara

### Alternate Directors

Mr. R.F. Goninon  
Mr. Y. Imai  
Mr. J. Furukawa.

The Board of Directors of Colombo Dockyard PLC as at the date of report are given on page 10 of the Annual Report. The changes in the directorate from the date of the last report to this report are as follows.

Mr. Seiji Ohashi who was appointed as a Nominee Director of Onomichi Dockyard Co., Ltd., Japan on 01st April 2003 resigned with effect from 25th March 2008 and Mr. Yoshihiro Kijima who was an Alternate Director to Mr. Y Hamane since 19th January 2008 was nominated and appointed as a Nominee Director of Onomichi Dockyard Co. Limited, Japan in terms of Article 80 (2) (a) of the Articles of Association of the Company, with effect from 25th March 2008, in place of Mr. S. Ohashi

Mr. Junji Furukawa was appointed as an Alternate Director to Mr. Y Hamane since 25th March 2008, in place of Yoshihiro Kijima.

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

The Nominee Directors of Onomichi Dockyard Company Limited namely Messrs. Shinichi Tatebe, Sarath de Costa, Mangala P B Yapa, Y. Hamane, and Y. Kijima and the Nominee Directors of Horizon Energy LLC and Horizon Representation of Companies LLC namely Messrs. R S J Al Suwaidi and T Inahara respectively continue to hold office.

### Director's Share Holdings

The Directors' and their spouses' holding of number of ordinary shares of the Company as at 31st December 2008:

	2008	2007
Mangala P B Yapa	2,284	2,176
L. Ganlath	551	525
H A R K Wickramathilake	551	525

### Directors' Interest In Contracts

Directors' interest in contracts of the Company is disclosed in Note 27 to the Financial Statement, and has been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

### Corporate Governance

The Board of Directors of the Company has acknowledged the compliance and adoption of good governance practices has become an essential factor in today's corporate culture. The policies followed by the Company are explained in the Corporate Governance Statement on page 32.

### Substantial Share Holdings

The twenty major shareholders of the Company and the percentage held by each as at 31st December 2008 are given on page 47 of this report.

### Corporate Donations

Total donations made by the group during the year was amounted to Rs. 1,156,097/- (31st December 2007 - Rs. 2,248,631/-) in terms of the resolution passed at the last Annual General Meeting.

### Company Records

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

All the Company records that are required to maintain under the provisions of the Act are also available for public inspection.

### Contingent Liabilities And Commitments

There are no contingencies or commitments other than those disclosed in the Note 25 to the Financial Statements.

### Events After Balance Sheet Date

No circumstances have arisen and no material events have occurred during the period between the Balance Sheet date and Directors signing of Accounts, that require disclosure or adjustment to the Financial Statements other than those disclosed in the Note 28 to the Financial Statements.

### Annual General Meeting

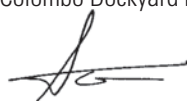
The Annual General Meeting of Colombo Dockyard PLC, will be held at the Ballroom, Galadari Hotel, No.64, Lotus Road, Colombo 1, Sri Lanka at 10.00 a.m. on the 27th day of March 2009.

The Notice to the Annual General Meeting is given on page 5.

### Auditors

In accordance with the Companies Act No.7 of 2007, resolution proposing the re-appointment of Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

For and on behalf of the Board,  
Colombo Dockyard PLC



**Shinichi Tatebe**  
Chairman

25th February 2009  
Colombo, Sri Lanka

# Independent Auditor's Report



## **KPMG Ford Rhodes, Thornton & Co.**

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

Tel : +94 - 11 242 6426  
+94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
+94 - 11 254 1249  
+94 - 11 230 7345  
Internet : www.kpmg.com

INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF COLOMBO DOCKYARD PLC

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of Colombo Dockyard PLC, the Consolidated Financial Statements of the Company and its subsidiaries as at 31st December 2008, which comprise the Balance Sheet as at 31st December 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

#### **Company**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended December 31, 2008, and the Financial Statements give a true and fair view of the Company's state of affairs as at December 31, 2008, and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Group**

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at December 31, 2008, and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the members of the Company.

### **Report on Other Legal and Regulatory Requirements**

These Financial Statements also comply with the requirements of Section 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG Ford, Rhodes, Thornton & Co.  
Chartered Accountants,  
25th February 2009.  
Colombo.

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A.N. Fernando FCA  
M.R. Mihular FCA  
P.Y.S. Perera FCA  
T.J.S. Rajakarier FCA  
Ms. S. Joseph ACA

S. Sirikananathan FCA  
Ms. M.P. Perera FCA  
C.P. Jayatilake FCA  
W.W. J.C. Perera FCA

# Income Statement

For The Year Ended 31st December,	Note	Group		Company	
		2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
Revenue	1	11,155,089	8,859,094	10,928,858	8,620,689
Cost of Sales		(8,560,894)	(6,662,212)	(8,428,108)	(6,495,630)
<b>Gross Profit</b>		2,594,195	2,196,882	2,500,750	2,125,059
Other Income	2	333,032	208,206	320,839	194,618
Distribution Expenses		(20,505)	(16,293)	(20,101)	(15,555)
Administrative Expenses		(1,316,233)	(1,026,854)	(1,259,420)	(981,491)
Other Operating Expenses		(27,325)	(32,633)	(27,325)	(32,633)
Net Finance Income/ (Expense)	3	158,839	(7,803)	160,844	(4,796)
<b>Profit before Tax</b>	4	1,722,003	1,321,505	1,675,587	1,285,202
Income Tax Expense	5	(266,882)	(218,669)	(252,377)	(203,427)
<b>Profit for the period</b>		1,455,122	1,102,836	1,423,210	1,081,775
Attributable to;					
Equity holders of the parent		1,453,478	1,101,230	1,423,210	1,081,775
Minority Interest		1,644	1,606	-	-
		1,455,122	1,102,836	1,423,210	1,081,775
<b>Earnings Per share (Rs.)</b>	6.1	21.29	16.11	20.80	15.81
<b>Dividends Paid/ Authorised Per share (Rs.)</b>	6.2	7.00	3.00	7.00	3.00


The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.

*(Figures in brackets indicate deductions.)*

# Balance Sheet

As at,	Note	Group		Company	
		31.12.2008 (Rs.'000)	31.12.2007 (Rs.'000)	31.12.2008 (Rs.'000)	31.12.2007 (Rs.'000)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	8	2,146,585	1,828,262	2,140,696	1,826,017
Intangible Assets	9	4,210	-	4,210	-
Investment in Subsidiaries	10	-	-	857	857
Other Investments	11	56,610	110	56,610	110
Deferred Taxation	12	19,748	-	20,386	-
		<b>2,227,153</b>	<b>1,828,372</b>	<b>2,222,759</b>	<b>1,826,984</b>
<b>Current Assets</b>					
Inventories	13	992,932	928,138	936,529	886,837
Trade and Other Receivables	14	5,768,167	7,277,444	5,636,370	7,163,175
Amounts due from Related Parties	15	-	-	6,989	11,635
Cash and Cash Equivalents	16	3,657,448	1,720,014	3,605,886	1,683,189
		<b>10,418,547</b>	<b>9,925,596</b>	<b>10,185,774</b>	<b>9,744,836</b>
<b>Total Assets</b>		<b>12,645,700</b>	<b>11,753,968</b>	<b>12,408,533</b>	<b>11,571,820</b>
<b>EQUITY AND LIABILITIES</b>					
Stated Capital	17	684,370	651,781	684,370	651,781
Retained Earnings		3,818,905	2,593,550	3,717,077	2,521,990
Exchange Fluctuation Reserve		8,576	7,631	-	-
<b>Share Holders' Funds</b>		<b>4,511,851</b>	<b>3,252,962</b>	<b>4,401,447</b>	<b>3,173,771</b>
<b>Minority Interest</b>		<b>24,763</b>	<b>22,211</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Borrowings	18	150,175	230,552	147,512	227,126
Deferred Taxation	19	-	63,535	-	62,472
Retirement Benefit Obligations	20	691,596	468,989	689,401	467,328
		<b>841,771</b>	<b>763,076</b>	<b>836,913</b>	<b>756,926</b>
<b>Current Liabilities</b>					
Interest Bearing Borrowings	18	1,246,526	1,685,478	1,245,763	1,676,031
Trade and Other Payables	21	5,515,049	5,392,334	5,361,947	5,262,130
Amounts due to Related Parties	22	-	-	73,082	78,671
Income Tax Payable	23	345,480	330,634	329,498	319,577
Dividends Payable	24	7,301	6,111	7,301	6,111
Bank Overdraft	16	152,959	301,162	152,583	298,603
		<b>7,267,315</b>	<b>7,715,719</b>	<b>7,170,173</b>	<b>7,641,123</b>
<b>Total Equity, Liabilities</b>		<b>12,645,700</b>	<b>11,753,968</b>	<b>12,408,533</b>	<b>11,571,820</b>
<b>Net Assets per Share ( Rs. )</b>		<b>65.93</b>	<b>49.91</b>	<b>64.31</b>	<b>48.69</b>

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Ranil Wijegunawardena  
General Manager - Finance

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements. 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.



Shinichi Tatebe  
Chairman  
25th February 2009  
Colombo, Sri Lanka



Mangala P.B. Yapa  
Managing Director/CEO

# Cash Flow Statement

For The Year Ended 31st December	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>Cash Flow from Operating Activities</b>				
Net Profit Before Interest and Tax	1,563,164	1,329,308	1,514,743	1,289,998
<b>Adjustments for,</b>				
Depreciation of Property, Plant and Equipment	206,948	177,352	198,615	173,506
Amortization of Intangible assets	2,105	-	2,105	-
Provision for Retirement Benefit Obligations	260,449	96,548	259,916	96,106
Provision/(reversal) for Bad and Doubtful Debts	(31,714)	58,542	(28,150)	63,999
Provision for Obsolete Stocks	31,777	16,153	31,777	16,153
(Profit)/Loss on Disposal of Property, Plant and Equipment	(9,004)	(8,284)	(9,004)	(8,254)
Foreign Exchange (Gain)/Loss - Unrealised	111,120	113,638	109,287	88,099
<b>Operating Profit Before Working Capital Changes</b>	<b>2,134,846</b>	<b>1,783,257</b>	<b>2,079,288</b>	<b>1,719,607</b>
(Increase)/Decrease in Inventory	(96,571)	(424,430)	(81,469)	(417,279)
(Increase)/Decrease in Trade and Other Receivables	1,540,991	(4,685,595)	1,554,955	(4,684,596)
(Increase)/Decrease Amounts Due from Related Parties	-	-	4,646	1,155
Increase/(Decrease) Trade and Other Payables	122,715	4,153,052	99,816	4,210,466
Increase/(Decrease) Amounts Due to Related Parties	-	-	(5,589)	(16,822)
<b>Cash Generated from/(used in) Operating Activities</b>	<b>3,701,981</b>	<b>826,284</b>	<b>3,651,647</b>	<b>812,531</b>
Interest Paid	(71,633)	(124,504)	(69,938)	(121,135)
Gratuity Paid	(37,843)	(21,897)	(37,843)	(21,897)
Income Tax Paid/Set offs	(335,317)	(130,598)	(325,314)	(117,705)
<b>Net Cash Generated from/(used in) Operating Activities</b>	<b>3,257,188</b>	<b>549,285</b>	<b>3,218,553</b>	<b>551,794</b>
<b>Cash Flow from Investing Activities</b>				
Purchases of Property, Plant and Equipment	(525,252)	(397,282)	(513,294)	(392,477)
Proceeds from Disposal of Property, Plant and Equipment	9,004	8,284	9,004	8,254
Interest Received	231,181	116,701	230,782	116,340
Investment in Debentures	(56,500)	-	(56,500)	-
Acquisition of Intangible Assets	(6,315)	-	(6,315)	-
<b>Net Cash Generated from/(used in) Investing Activities</b>	<b>(347,882)</b>	<b>(272,297)</b>	<b>(336,323)</b>	<b>(267,883)</b>
<b>Cash Flow from Financing Activities</b>				
Repayment of Long Term Loans	(62,785)	(61,082)	(62,659)	(60,578)
Repayment of Short Term Loans	(4,467,875)	(3,993,105)	(4,454,532)	(3,966,580)
Loans Obtained during the period	3,902,679	4,517,469	3,898,022	4,487,420
Repayment of Leases	(1,342)	(671)	-	-
Dividend Paid	(194,345)	(194,047)	(194,345)	(194,047)
<b>Net Cash Generated from/(used in) Financing Activities</b>	<b>(823,668)</b>	<b>268,564</b>	<b>(813,513)</b>	<b>266,215</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents during the period</b>	<b>2,085,637</b>	<b>545,552</b>	<b>2,068,717</b>	<b>550,126</b>
Cash and Cah Equivalents at the beginning of the period (Note 16)	1,418,852	873,300	1,384,586	834,460
<b>Cash and Cash Equivalents at the end of the period</b>	<b>3,504,489</b>	<b>1,418,852</b>	<b>3,453,303</b>	<b>1,384,586</b>



## Statement of Changes in Equity

Group	Attributable to equity holders of parent					
	Stated Capital (Rs.'000)	Retained Earnings (Rs.'000)	Exchange Fluctuation Reserve (Rs.'000)	Total (Rs.'000)	Minority Interest (Rs.'000)	Total Equity (Rs.'000)
For the year ended 31st December 2008						
Balance as at 01st January 2007	651,781	1,687,854	5,911	2,345,546	18,952	2,364,498
Net Profit for the year	-	1,101,230	-	1,101,230	1,606	1,102,836
Dividend Paid (Rs. 3.00 per share)	-	(195,534)	-	(195,534)	-	(195,534)
Exchange Translation Difference	-	-	1,720	1,720	1,653	3,373
Balance as at 31st December 2007	651,781	2,593,550	7,631	3,252,962	22,211	3,275,173
Capitalisation of Reserves (Bonus Issue)	32,589	(32,589)	-	-	-	-
Net Profit for the year	-	1,453,478	-	1,453,478	1,644	1,455,122
Dividend Paid (Rs.3.00 per share)	-	(195,534)	-	(195,534)	-	(195,534)
Exchange Translation Differences	-	-	945	945	908	1,853
<b>Balance as at 31st December 2008</b>	<b>684,370</b>	<b>3,818,905</b>	<b>8,576</b>	<b>4,511,851</b>	<b>24,763</b>	<b>4,536,614</b>

Company	Stated Capital (Rs.'000)	Retained Earnings (Rs.'000)	Total (Rs.'000)			
	Balance as at 01st January 2007	651,781	1,635,749	-	-	-
Net Profit for the year	-	1,081,775	-	-	-	1,081,775
Dividends Paid (Rs.3.00 per share)	-	(195,534)	-	-	-	(195,534)
Balance as at 31st December 2007	651,781	2,521,990	-	-	-	(3,173,771)
Capitalisation of Reserves (Bonus Issue)	32,589	(32,589)	-	-	-	-
Net Profit for the year	-	1,423,210	-	-	-	1,423,210
Dividends Paid (Rs.3.00 per Share)	-	(195,534)	-	-	-	(195,534)
<b>Balance as at 31st December 2008</b>	<b>684,370</b>	<b>3,717,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,401,447</b>

As per SLAS 21 on the effect of changes in foreign exchange rates (Revised 2005) all resulting exchange differences has been recognised as a separate component of equity.

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.

*(Figures in brackets indicate deductions)*

# Significant Accounting Policies

## 1 GENERAL INFORMATION

Colombo Dockyard PLC is a limited liability company incorporated in Sri Lanka, under the Companies Act No.7 of 2007. The address of its registered office is situated in Port of Colombo. The Company is also listed in the Colombo Stock Exchange.

The Company and its Subsidiaries, together referred to as "Group" provides a vast variety of services with regard to ship repairs and ship construction.

Of the two subsidiaries within the Group, the Company has 100% holding of Dockyard General Engineering Services (Private) Limited (incorporated in Sri Lanka) and 51% holding of Ceylon Shipping Agency (Private) Limited (incorporated in Singapore) where both subsidiaries are engaged in material sales related to shipping and construction work.

The Group had 1,662 (2007 –1,642) and the Company had 1,643 (2007 – 1,627) at the end of the financial year.

The Financial Statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 20th February 2009.

### 1.1 Statement of Compliance

The Financial Statements of the Company and the Group comprise the Balance Sheet and the Statements Income, Changes in Equity and Cash Flows together with the Accounting Policies and Notes to the Financial Statements. These Statements are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

### 1.2 Basis of Preparation

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management exercise its judgement in the process of applying the Company's Accounting Policies.

The Accounting Policies have been consistently applied by the Company and are consistent with those of the previous year and the previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

The Accounting policies that have been applied by the Company and the Group are consistent with those of the previous year except for those listed in 1.3 below, and the previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like

transactions/events in similar circumstances and where necessary, appropriate adjustments have been made in the Consolidated Financial Statements.

The Financial Statements of the Company and the Group have been prepared on a historical cost convention except for the valuation of certain Property, Plant and Equipment and Short-term investments which are valued at market values as disclosed in relevant notes to the Financial Statements.

All values presented in the Financial Statements are in Sri Lankan Rupees Thousand (Rs.'000) unless otherwise indicated. Figures in brackets indicate deductions/negative changes.

All the Companies in the Group have a common financial year which ends on 31st December.

### 1.3 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

### 1.4 Consolidation

#### a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the Group's share of the identifiable net assets acquired is recorded as Goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

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Inter-company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

## b) Transactions and Minority Interest

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interest results in gains and losses for the Group that are recorded in the Income Statement. Purchases of minority interest results in Goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of subsidiary.

## 1.5 Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates critical and assumptions made during the year with regard to Income Tax are discussed below.

Income Tax liabilities arise to the Group in various jurisdictions. These liabilities are provided for in the Financial Statements applying the relevant tax statutes and regulations which the management believes reflect actual liability. There can be instances where the stand taken by the Group on transactions is contested by the revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point liability is confirmed on any Group Company.

## 1.6 Foreign Currencies

### a) Functional Currency and Presentation Currency

The individual Financial Statements of each entity in the Group are measures 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.

### b) Foreign Currency Transactions

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

Monetary items denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Non-monetary items carried at fair value that is translated at the rates prevailing on the date when the fair value was determined.

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 from on monetary items that form part of the Group's net investment in foreign operations/subsidiaries, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations/subsidiaries, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations/subsidiaries, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations/subsidiaries, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's Financial Statements of the foreign operations/subsidiaries, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's Financial Statements or the individual Financial Statements of the foreign operations/subsidiaries as appropriate.

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 arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### c) Foreign Operations/Subsidiaries

The results and financial position of foreign operations that have functional currency different from the presentation currency (LKR) of the Consolidated Financial Statements are translated into LKR as follows;

- Assets and liabilities of each Balance Sheet presented are translated at the closing rate prevailing at the Balance Sheet date.
- Income and expense for each Income Statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are to the foreign currency translation reserve within equity.

### 1.7 Taxation

#### a) Current Taxes

Current Income tax liabilities 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 Balance Sheet date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditure is reported in the Financial Statements and computed with 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.

#### b) Deferred Taxation

Deferred taxation is provided, based on the liability method, on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purposes of the assets on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for income tax purposes only on payment.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, 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 can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

### 1.8 Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred except those are directly attributable to the construction/purchase/development of Property, Plant and Equipment which are capitalised as a part of the cost of that asset during the period of construction/development.

### 1.9 Events Occurring After the Balance Sheet Date

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

## 2 ASSETS AND THE BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the Balance Sheet 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 Balance Sheet date.

### 2.1 Property, Plant & Equipment and Depreciation.

#### a) Cost and Valuation

All items of property, plant & equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the Balance Sheet date. Subsequent to the initial recognition as an asset at cost, revalued property, plant & equipment are carried at revalued amounts less any subsequent depreciation thereon. The Company applies revaluation model to freehold properties and cost model to the remaining assets under property, plant and equipment and is stated at historical cost less depreciation.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous written down. When an asset's carrying amount is decreased as a result of revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred to accumulated profits on retirement or disposal of the asset.

#### b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

### c) Depreciation

The provision for depreciation is calculated by using the straight line method on the cost or valuation of all property, plant & equipment other than freehold land, in order to write-off such amounts over the following estimated useful lives;

#### Company – Colombo Dockyard PLC

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Dry-docks	25-50	4% - 2%
Buildings	20-25	5% - 4%
Plant & Machinery	10	10%
Electrical Installations	10	10%
Furniture Fittings & Office Equipment	6.6	15%
Motor Vehicles	5	20%
Boats & Launches	6.6	15%
Loose Tools	1	100%

#### 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%
Inventory Items	6.6	15%
Loose Tools	3	33.3%

#### Ceylon Shipping Agency (Private) Limited

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

Depreciation of an asset begins when it is available for use where as 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.

The appropriateness of useful lives of the asset and the depreciation rates are assessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 2.2 Intangible Assets

An Intangible Assets is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and cost of the assets can be measured reliably.

### Software

All computer software cost incurred, which are not internally related to associated hardware, and can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Balance Sheet under the category of intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

### Subsequent Expenditure

Expenditure incurred on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

### Amortisation

Intangible Assets, except for goodwill are amortised on a straight line basis in the Income Statement from the date when the assets available for use, over the best estimate of its useful economic life. The estimated useful life of software is three years.

## 2.3 Investments

### a) Classification

Investments in subsidiaries of the Company are treated as long term investments and stated at cost. Other investments which are held for yield or capital appreciation are also classified as long term investments that are intended to be held for trading purposes are classified as short-term investments

### b) Valuation

Investments in Companies where the Group's holding is less than 20% and where the Group does not exercise significant influence and/or control over the financial and operating policies/decisions, are accounted at lower of cost and Directors' valuation, if any. Provision is made for any permanent diminution in value.

### c) Cost

Cost of investments is the cost of acquisition including broker age, commission and other fees.

### d) Diminution in Carrying Value

Diminution in carrying value of investments are deemed to be permanent where the Investee Company and/or Auditors have qualified their opinion on the going concern status, and/or operations have resulted in net losses and these losses are expected to continue, and/or where the core business has become non-viable due to environmental and/or other concerns, and/or where the industry/sector has an uncertain outlook due to environmental and/or other concerns.

### 2.4 Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing or an asset is required, the Company makes an estimate of the assets' recoverable amount. An assets' recoverable amount is the higher of an assets' fair value less cost to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

Impairment loss of continuing operations are recognized in the Income Statement in those expenses categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its' recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to Goodwill are not reversed for subsequent increases in its recoverable amount.

### 2.5 Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of cash generating unit (or group of cash generating units) is less than the carrying amount of the cash generating unit (or group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be revised in future periods.

### 2.5 Inventories

Inventories are recognized at cost and net realizable value whichever is lower after making due allowance for obsolete and slow moving items. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost of inventories includes expenses incurred in acquiring the inventories and bringing them to their existing conditions. Accordingly, the costs of inventories are accounted as follows;

#### a) Raw Materials

Valuation method of all inventories has been changed to first in first out method from weighted average costs.

#### b) Consumables

At Actual purchase cost.

#### c) Goods in Transit

At the invoice value of the goods that has been dispatched to the Company.

### 2.6 Trade and Other Receivables

Trade and other receivables are stated at the values estimated to be realized net of provision for bad and doubtful receivables.

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

	On Housing Loans	On Vehicle Loans
Colombo Dockyard PLC	7.5%	10.0%
Dockyard General Engineering Services (Private) Limited	7.5%	10.0%
Ceylon Shipping Agency (Private) Limited	3.0%	-

### 2.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, and bank demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash in hand, and bank deposits held in banks and investments in money market instruments, net of short-term loans and bank overdraft.

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2.8 Property, Plant and Equipment on Finance Lease, (which effectively transfers to the Company, substantially, all of the risks and benefits incidental to ownership of the leased item) are capitalised at their cash price and depreciated over the period the Company is expected to benefit from the use of the leased assets  
The corresponding principal amount payable to the lessor is shown as a liability.

The interest element of the rental obligation applicable to each financial year is charged to the Income Statement over the period of lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### 3 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities in the Balance Sheet are those obligation payable on demand or within one (1) year from the Balance Sheet date. Items classified as non-current liabilities are those obligations which expire beyond a period of one (1) year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the Financial Statements. Provisions and liabilities are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### 3.1 Retirement Benefit Obligation

##### Defined Benefit Plans

###### a) Local

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every two years using projected benefits valuation method. Actuarial gains and losses are recognised as income or expenses over the expected average remaining working lives of the participants of the plan.

###### b) Overseas Operations/Subsidiary

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

##### Defined Contribution Plans – Employees’ Provident Fund and Employee 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 recognized as an expense in the Income Statement when incurred.

#### 3.2 Provision for Warranty

Provision for warranty jobs is made for all construction contracts based on the contractual and projects estimates figures. However, warranty provision for Shiprepair projects is made based on the revenue values of jobs completed during last quarter of each year.

#### 3.3 Stated Capital

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

#### 3.4 Capital Commitment and Contingent Liabilities

Capital commitments and contingencies which exist as at the Balance Sheet date are disclosed in the respective notes to the Financial Statements.

The following standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2009 or later periods:

##### SLAS 44- Financial Instruments; Presentation

The objective of this standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, in to financial assets, financial liabilities and equity instruments; the classification of related interest, dividend, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

The substance of a financial instrument, rather than its legal form governs its classification on the entity’s balance sheet Substance and legal form are commonly consistent, but not always some financial instruments take the legal form of equity but are liabilities in substance and others may combine features associated with equity instruments and features associated with financial liabilities. Accordingly, the preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or after a particular date for a fixed or determinable amount, is a financial liability.

## Significant Accounting Policies

### SLAS 45- Financial Instrument; Recognition and Measurements

The objective of this standard is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non financial items.

#### 4 INCOME STATEMENT

##### 4.1 Revenue

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

##### 4.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group. The following specific criteria are used for the purpose of recognition of revenue.

##### a) Shiprepairs, Shipbuilding, Offshore Engineering and Heavy Engineering

In respect of ship repairs, ship building, off shore engineering and heavy engineering contracts, revenue is not based on the percentage of completion method in accordance with the Sri Lanka Accounting Standards (SLAS) No. 13 – “Accounting for Construction Contracts”. Since the outcome of such uncompleted contracts cannot be reliably measured, therefore the revenue is recognized only to the extent of cost incurred that is probable to be recovered. However, future expected losses are recognized during the period as matter of prudence. As such, there is no impact for the profit for the year regarding such uncompleted contracts.

##### b) Sale of Material and Steel Scrap

For sale of materials and steel scrap, revenue/income is recognized based on the invoice value raised to customers when disposing the same.

##### c) Interest Income

Interest from bank deposits are recognized on a time proportion basis from the date of deposit to the Balance Sheet date.

##### d) Other Income

Other income is recognized on an accrual basis. Net Gains and losses of a revenue nature on the disposal of property plant and equipment and other non current assets including investment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

##### 4.3 Expenditure Recognition

##### a) 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 Statements in arriving at the profit for the year. Provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant and equipment.

##### b) Warranty Claims/Provisions

Costs incurred by the Company under the terms of warranty entered with the customers are charged to the Income Statement

##### c) Finance Costs

Interest expenses are recognized on an accrual basis.

## 5 SEGMENTAL INFORMATION

Segmental information is presented for identifiable operative units of the Group classified according to two segment formats, namely, industry and geographical segments.

### 5.1 Industry Segments

The activities of the Group have been broadly classified into thirteen segments according to the nature of the service rendered.

### 5.2 Geographical Segment

The activities of the Group have been broadly classified into 14 segments, namely, Sri Lanka, India, Maldives, Greece, Bangladesh, Hong Kong, Jordan, Italy, Taiwan, Cyprus, Dubai, Saudi Arabia, Singapore, and other based on the geographical spread of operations.

Segmental expenses are expenses that are directly attributed to a segment or a relevant portion of expenses that can be allocated on a reasonable basis as determined by the management.



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## 6 RELATED PARTY TRANSACTION

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 is being charged.

## 7 CASH FLOW

Interest paid, interest received and dividends received are classified as operating cash flows, while dividend paid is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the 'Indirect Method'.

# Notes to the Financial Statements

	Group		Company	
For The Year Ended 31st December,	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>1 REVENUE</b>				
Shiprepair	6,044,507	4,684,822	6,044,507	4,684,822
Ship Building	4,270,834	3,579,171	4,270,834	3,579,171
Heavy Engineering	105,806	200,362	50,711	95,039
Offshore Engineering	562,806	261,657	562,806	261,657
Material Sales	173,447	134,497	-	-
<b>Gross Revenue</b>	<b>11,157,400</b>	<b>8,860,509</b>	<b>10,928,858</b>	<b>8,620,689</b>
Turnover Tax	(2,311)	(1,415)	-	-
	<b>11,155,089</b>	<b>8,859,094</b>	<b>10,928,858</b>	<b>8,620,689</b>
<b>1.1 Project Types Segment Revenue (Business Segment)</b>				
<b>Shiprepair</b>				
Tankers	2,862,700	2,683,194	2,862,700	2,683,194
General Cargo Vessels	546,250	577,723	546,250	577,723
Container Carriers	229,809	334,610	229,809	334,610
Fishing Trawlers	13,022	60,522	13,022	60,522
Passenger Vessels	114,072	111,782	114,072	111,782
Tugs	333,401	149,690	333,401	149,690
Dredgers	921,515	538,412	921,515	538,412
Navel Vessels	73,521	161,572	73,521	161,572
Cement Carriers	199,122	31,224	199,122	31,224
Research Vessel	308,420	36,093	308,420	36,093
Offshore Support Vessels	275,462	-	275,462	-
Barges	47,420	-	47,420	-
Others	119,793	-	119,793	-
	<b>6,044,507</b>	<b>4,684,822</b>	<b>6,044,507</b>	<b>4,684,822</b>
<b>Shipbuilding</b>				
Tugs	2,950,357	2,249,173	2,950,357	2,249,173
Passenger Vessels	740,916	-	740,916	-
Supply Vessels	554,022	-	554,022	-
Deck Barges	25,539	-	25,539	-
Survey Boats	-	-	-	-
Pilot Launches	-	188,803	-	188,803
Naval Vessels	-	277,104	-	277,104
Fisheries Protection Vessels	-	864,091	-	864,091
	<b>4,270,834</b>	<b>3,579,171</b>	<b>4,270,834</b>	<b>3,579,171</b>
<b>Heavy Engineering</b>				
Infrastructure	72,861	108,415	50,711	36,015
Heavy Fabrication	-	4,937	-	4,937
Services	3,979	13,497	-	5,897
Power Generation	6,683	-	-	-
Repairs & Maintenance	22,102	71,391	-	46,068
Irrigation	181	-	-	-
Others	-	2,122	-	2,122
	<b>105,806</b>	<b>200,362</b>	<b>50,711</b>	<b>95,039</b>
<b>Offshore Engineering</b>				
Naval Vessels	562,806	81,438	562,806	81,438
Reserch Vessels	-	38,039	-	38,039
Others	-	142,179	-	142,179
	<b>562,806</b>	<b>261,656</b>	<b>562,806</b>	<b>261,656</b>
<b>Material Sales</b>	<b>173,447</b>	<b>134,497</b>	<b>-</b>	<b>-</b>
	<b>11,157,400</b>	<b>8,860,509</b>	<b>10,928,858</b>	<b>8,620,689</b>

For The Year Ended 31st December,	Group		Company	
	2008 (Rs. '000)	2007 (Rs. '000)	2008 (Rs. '000)	2007 (Rs. '000)
<b>1.2 Geographical Segment Revenue</b>				
India	6,336,439	5,479,346	6,336,439	5,479,346
Korea	99,336	-	99,336	-
Maldives	191,148	1,343,527	191,148	1,343,527
Sri Lanka	1,381,760	1,018,459	1,153,219	778,639
Netherlands	34,539	-	34,539	-
Singapore	2,404,429	255,877	2,404,429	255,877
Japan	220,967	32,658	220,967	32,658
Bangladesh	-	699	-	699
England	92,236	-	92,236	-
Germany	76,260	-	76,260	-
Greece	68,985	352	68,985	352
Philippines	129,789	-	129,789	-
Hong Kong	27,437	37,464	27,437	37,464
China	-	107,731	-	107,731
USA	-	36,109	-	36,109
Iran	-	65,296	-	65,296
Israel	-	70,720	-	70,720
Taiwan	13,022	60,522	13,022	60,522
United Arab Emirates	-	179,121	-	179,121
Others	81,052	172,628	81,052	172,628
	<b>11,157,400</b>	<b>8,860,509</b>	<b>10,928,858</b>	<b>8,620,689</b>
<b>2 OTHER INCOME</b>				
Exchange Gain (both realised and unrealised)	197,611	86,835	197,611	86,835
Disposal of Steel Scrap	98,495	89,632	98,495	89,632
Miscellaneous Income	27,923	23,455	13,629	7,797
Profit on disposal of Property, Plant and Equipment	9,004	8,284	9,004	8,254
Management Fees	-	-	900	900
Lease Rental	-	-	1,200	1,200
	<b>333,032</b>	<b>208,206</b>	<b>320,839</b>	<b>194,618</b>
<b>3 NET FINANCE INCOME/ (EXPENSE)</b>				
<b>Interest Expense</b>				
Interest on Term Loans	(9,107)	(13,649)	(8,150)	(11,466)
Interest on Finance Lease Obligations	(708)	(396)	-	-
Interest on Bank Overdrafts and Short Term Loans	(62,526)	(110,459)	(61,788)	(109,669)
	<b>(72,341)</b>	<b>(124,504)</b>	<b>(69,938)</b>	<b>(121,135)</b>
<b>Interest Income</b>				
Interest Income from Investments	201,097	92,032	201,097	92,031
Other Interest Income	30,083	24,669	29,684	24,308
	<b>231,181</b>	<b>116,701</b>	<b>230,782</b>	<b>116,339</b>
	<b>158,839</b>	<b>(7,803)</b>	<b>160,844</b>	<b>(4,796)</b>
<b>4 PROFIT BEFORE TAX</b>				
<b>Is stated after charging all expenses including the following,</b>				
Directors' Emoluments	14,491	11,479	14,337	9,479
Auditors Remuneration - on Statutory audit	2,430	1,128	800	650
- for other services	440	40	440	40
Business Promotion Expenses	95,318	75,235	95,318	75,235
Depreciation on Property Plant & Equipment	206,948	177,352	198,615	173,506
<b>Provision for/(Reversal of)</b>				
- Bad and Doubtful Debts	(31,714)	58,583	(28,150)	63,999
- Obsolete and Slow Moving Stocks	31,777	16,153	31,777	16,153
<b>Write Off of</b>				
- Inventory	-	15,570	-	15,570
<b>Staff Related Cost</b>				
Salaries and Wages	2,020,837	1,675,016	1,995,257	1,529,573
- Defined Benefit Plan Cost - Gratuity	260,449	96,548	259,916	96,106
- Defined Contribution Plan Cost - EPF	83,248	68,149	82,617	67,242
- ETF	20,812	17,037	20,654	16,810

5. INCOME TAX EXPENSE	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
On the Current years Profit (Note 5.4)	350,221	259,300	335,235	244,421
Under/(Over) Provision in previous year	(42)	3	-	-
Deferred Taxation (Note 5.6)	(83,298)	(40,628)	(82,858)	(40,994)
	<b>266,881</b>	<b>218,669</b>	<b>252,377</b>	<b>203,427</b>

### 5.1 Taxation on Profits

#### (i) Income Tax in Sri Lanka Company

In accordance with the Inland Revenue Act No. 10 of 2006 and subsequent amendments there to, the Company with taxable profit is liable to Income Tax at 35% (2007 - 35%).  
(Further refer Note 5.3 for applicable tax exemptions and concessions)

#### Subsidiary

#### Dockyard General Engineering Services (Pvt) Ltd

In accordance with the Inland Revenue Act No. 10 of 2006 and subsequent amendments there to, the Company, with taxable profit in excess of Rs. 5 million are chargeable to Income Tax at 35% (2007 - 35%).

#### (ii) Income Tax on Overseas Operations

Ceylon Shipping Agency (Pte) Ltd. Singapore (CSA) is liable for taxation at the rate of 18% on its taxable profit and provision has been made in the accounts accordingly.

#### (ii) Social Responsibility Levy

All Companies operating in Sri Lanka are required to pay 1.5% of Income Tax as a Social Responsibility Levy (2007-1%)

### 5.2 Economic Service Charge

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

### 5.3 Tax Exemptions and Concessions

In accordance with the agreement entered into with the Board of Investments of Sri Lanka and pursuant to Section 17 of the BOI Law No. 4 of 1978 the following tax exemptions have been granted to Colombo Dockyard PLC.

The Company had been granted 7 years tax holiday since commencement of commercial operations on 5th February 1987. This exemption period of 7 years had to commence, either in the year of assessment in which the Company made profits or in the year of assessment commencing from 1st April, 1991, whichever is earlier. By the supplementary agreement dated 4th January 1995 between the Company and BOI, the tax holiday has been extended by a further period of 8 years. The first year of assessment in which the Company made profits was 1990/91 and accordingly the fifteen years tax exemption period is calculated from 1990/91. During 2003 the tax exemption period of the Company has been further extended by another two years and will end in the year of assessment 2006/07.

Thereafter, profit and income of the enterprise is chargeable at the rate of 15% for any year of assessment as per second supplementary agreement entered with BOI Sri Lanka on 21st October 2004. Any local revenue received in local currency shall be liable for applicable Income Tax and it is currently at 35%.

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>5.4 Reconciliation between current tax expense and the accounting profit</b>				
Profit before tax	1,722,003	1,321,505	1,675,587	1,285,202
Profit Exempt from Tax	(148,476)	(91,763)	(148,476)	(91,763)
Disallowable Expenses for Taxation	683,781	375,096	680,442	409,800
Allowable Expenses for Taxation	(360,921)	193,618	(359,238)	(175,586)
Taxable Profit	1,896,387	1,798,456	1,848,315	1,427,653
Tax at the Rate of 15% (2007 - 15%)	237,472	193,258	237,472	193,258
Tax at the Rate of 18% (2007 - 20%)	316	339	-	-
Tax at the Rate of 35% (2007 - 35%)	109,099	59,386	92,808	48,743
Social Responsibility Levy (1.5% of Income Tax)	5,117	2,527	4,954	2,420
Deemed Dividend Tax	(1,783)	3,790	-	-
Provision for Taxation on Current Year Profit	350,221	259,300	335,235	244,421

## 5.6 Deferred Taxation

### Company

Since the Company's income is liable for income tax at different rates, the deferred tax liability is arrived at by applying the income tax rates of 30% and 15% applicable for the local income received in local currency and local income received in foreign currency. The effective tax rate applicable is 18%.

### Subsidiaries

#### Dockyard General Engineering Services (Pvt) Ltd.

The deferred tax liability is arrived at by applying the income tax rate of 35% to the timing differences of DGES as at 31st December 2008.

#### Ceylon Shipping Agency (Pte) Ltd.

The deferred tax liability is arrived at by applying the income tax rate of 18% to the timing differences of CSA as at 31st December 2008.

### Company

	2008		2007	
	Temporary difference (Rs.'000)	Tax effect on temporary difference (Rs.'000)	Temporary difference (Rs.'000)	Tax effect on temporary difference (Rs.'000)
Temporary Difference on Property Plant & Equipment	120,850	21,753	107,219	22,516
Temporary difference on Retirement Benefit Obligations	40,350	7,263	85,890	18,478
Temporary Difference on Voluntary Retirement Provision	200,000	36,000	-	-
Temporary Difference on Stock general Provision	41,523	7,474	-	-
Temporary Difference on Debtors general Provision	57,597	10,367	-	-
	460,320	82,858	193,209	40,994

Group	2008		2007	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Temporary Difference on Property Plant & Equipment	121,573	22,007	107,419	22,316
Temporary difference on Retirement Benefit Obligations	40,884	7,450	86,110	18,312
Temporary Difference on Voluntary Retirement Provision	200,000	36,000	-	-
Temporary Difference on Stock general Provision	41,523	7,474	-	-
Temporary Difference on Debtors general Provision	57,597	10,367	-	-
	461,577	83,298	193,529	40,628

## 6 EARNINGS PER SHARE / DIVIDEND PER SHARE

### 6.1 Earnings Per Share

The calculation of the earnings per share has been done based on profit attributable to equity shareholders of Colombo Dockyard PLC after tax for the year divided by the weighted average number of ordinary shares outstanding as at the balance sheet date and calculated as follows :

	Group		Company	
	2008	2007	2008	2007
<b>Amount used as the Numerator</b>				
Profit for the period (Rs.'000)	1,453,478	1,101,230	1,423,210	1,081,775
Minority Interest (Rs.'000)	1,644	1,606	-	-
Profit Attributable to Equity Shareholders of Colombo Dockyard PLC (Rs.'000)	1,455,122	1,102,836	1,423,210	1,081,775
<b>Number of Ordinary Shares used as the Denominator</b>				
Number of Ordinary Shares	68,437,071	68,437,071	68,437,071	68,437,071
Earnings Per Share (Rs.)	21.29	16.11	20.80	15.81

### 6.2 Dividend Per Share

The calculation of the dividend per share is based on the Paid/ authorised dividend for the year divided by number of ordinary shares in issue as at the balance sheet date and calculated as follows;

	Group		Company	
	2008	2007	2008	2007
Paid/ Authorised Dividend (Rs.'000)	479,049	195,534	479,049	195,534
Number of Ordinary Shares (000)	65,178	65,178	65,178	65,178
Issue of Shares by Capitalisation of Reserves (000)	3,259	-	3,259	-
	68,437	65,178	68,437	65,178
Dividend paid per Share (Rs.)	7.00	3.00	7.00	3.00

## 7 FOREIGN CURRENCY TRANSLATIONS

The principle exchange rates used for conversion of foreign currency balances are as follows;

	Average Rate		Closing Rate	
	2008 (Rs.)	2007 (Rs.)	2008 (Rs.)	2007 (Rs.)
U. S. Dollar	108.40	110.62	113.88	109.25
Euro	160.57	151.18	160.43	161.04
Danish Kroners	21.55	19.46	21.55	21.62
Singapore Dollars	77.01	73.36	79.41	75.78

## 8. PROPERTY, PLANT AND EQUIPMENT

### 8.1 Group

Cost	As at 01.01.2008 (Rs.'000)	Exchange Fluctuation Impact (Rs.'000)	Additions/ Adjustments/ Transfer in (Rs.'000)	Disposals/ Transfer out (Rs.'000)	As at 31.12.2008 (Rs.'000)
Freehold Drydocks	1,157,110	-	1,176	-	1,158,286
Freehold Land	32,607	-	-	-	32,607
Freehold Buildings	613,998	-	126,710	(21,293)	719,415
Plant, Machinery and Equipment	1,553,821	-	306,706	-	1,860,527
Electrical Installation	190,406	-	17,989	-	208,395
Motor Vehicles	73,097	-	23,826	(10,678)	86,245
Inventory Items	32,335	-	2,772	-	35,107
Office Equipment, Furniture and Fittings	195,063	107	25,580	(1,935)	218,815
Loose Tools	217,125	-	15,318	-	232,443
Boats / Launches	2,717	-	-	-	2,717
	4,068,280	107	520,077	(33,906)	4,554,558
<b>Leasehold</b>					
Motor Vehicles	4,335	-	-	-	4,335
	4,072,615	107	520,077	(33,906)	4,558,893
<b>Depreciation</b>					
	As at 01.01.2008 (Rs.'000)	Exchange Fluctuation Impact (Rs.'000)	Charge for the year (Rs.'000)	On Disposals/ Transfers (Rs.'000)	As at 31.12.2008 (Rs.'000)
Freehold Drydocks	435,739	-	23,099	-	458,838
Freehold Buildings	244,359	-	31,154	(21,293)	254,220
Plant, Machinery and Equipment	1,010,690	-	96,950	-	1,107,640
Electrical Installation	128,059	-	9,060	-	137,119
Motor Vehicles	67,515	-	10,688	(10,678)	67,525
Inventory Items	28,138	-	1,489	-	29,627
Office Equipment, Furniture and Fittings	151,102	89	17,918	(1,935)	167,174
Loose Tools	216,902	-	15,506	-	232,408
Boats / Launches	2,717	-	-	-	2,717
	2,285,222	89	205,864	(33,906)	2,457,269
<b>Leasehold</b>					
Motor Vehicles	542	-	1,084	-	1,626
	2,285,764	89	206,948	(33,906)	2,458,895
Capital Work in progress	41,412	-	339,839	(334,664)	46,587
Written Down Value	1,828,263				2,146,585

## 8. PROPERTY, PLANT AND EQUIPMENT

## 8.2 Company

Cost	As at 01.01.2008 (Rs.'000)	Additions/ Adjustments/ Transfers (Rs.'000)	Disposals/ Transfer out (Rs.'000)	As at 31.12.2008 (Rs.'000)
Freehold Drydocks	1,157,109	1,177	-	1,158,286
Freehold Land	32,607	-	-	32,607
Freehold Buildings	595,668	126,886	(21,293)	701,261
Plant, Machinery and Equipment	1,550,924	305,165	-	1,856,089
Electrical Installation	190,405	17,989	-	208,394
Motor Vehicles	74,887	15,956	(10,678)	80,165
Inventory Items	31,381	2,700	-	34,081
Office Equipment, Furniture and Fittings	191,003	23,040	-	214,043
Loose Tools	211,065	15,317	-	226,382
Boats / Launches	2,717	-	-	2,717
	4,037,767	508,230	(31,971)	4,514,025
<b>Depreciation</b>	<b>As at 01.01.2008 (Rs.'000)</b>	<b>Charge for the year (Rs.'000)</b>	<b>On Disposals/ Transfers (Rs.'000)</b>	<b>As at 31.12.2008 (Rs.'000)</b>
Freehold Drydocks	435,739	23,099	-	458,838
Freehold Buildings	226,300	31,058	(21,293)	236,065
Plant, Machinery and Equipment	1,008,556	96,712	-	1,105,268
Electrical Installation	128,059	9,060	-	137,119
Motor Vehicles	65,906	6,220	(10,678)	61,449
Inventory Items	27,251	1,461	-	28,712
Office Equipment, Furniture and Fittings	147,568	15,688	-	163,256
Loose Tools	211,065	15,317	-	226,382
Boats / Launches	2,717	-	-	2,717
	2,253,162	198,615	(31,971)	2,419,805
Capital Work in progress	41,413	339,728	(334,664)	46,477
Written Down Value	1,826,017			2,140,696

## 8.3 Details of Securities

Refer Note No 18.1.4 for details on assets secured for loans.

## 8.4 Gross carrying amount of fully depreciated Property Plant and Equipment.

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
Freehold Drydocks	2,543	2,543	2,543	2,543
Freehold Buildings	26,255	8,200	8,200	8,200
Plant, Machinery and Equipment	684,682	625,423	683,841	624,889
Electrical Installation	108,791	108,785	108,791	108,785
Motor Vehicles	65,707	67,449	59,627	64,180
Inventory Items	23,667	20,694	22,866	19,899
Office Equipment, Furniture and Fittings	101,350	78,175	99,895	76,957
Loose Tools	216,560	197,149	211,065	192,613
Boats / Launches	2,717	2,717	2,717	2,717
	1,232,270	1,111,137	1,199,545	1,100,783



As At 31st December,	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>9. INTANGIBLE ASSETS</b>				
<b>Cost</b>				
Additions during the year	6,315	-	6,315	-
Balance at the end of the year	6,315	-	6,315	-
<b>Amortisation</b>				
Charge during the year	2,105	-	2,105	-
Balance at the end of the year	2,105	-	2,105	-
Carrying Amount	4,210	-	4,210	-
Intangible Assets consists of software purchased for design purposes and it is amortised over 3 years from the date of purchase.				
<b>10. INVESTMENTS IN SUBSIDIARIES</b>	No of Shares	Percentage Holding	2008 (Rs.'000)	2007 (Rs.'000)
Dockyard General Engineering Services (Pvt) Ltd., - Incorporated in Sri Lanka	49,999	100%	500	500
Ceylon Shipping Agency (Pte) Ltd., - Incorporated in Singapore	21,500	51%	357	357
			857	857
<b>10.1 The Director's assessment of the fair value of investments.</b>				
The Board of director's assessed the fair value of investments in subsidiaries as follows based on the net assets attributable for the respective investments.				
Dockyard General Engineering Services (Pvt) Ltd.,			85,865	59,830
Ceylon Shipping Agency (Pte) Ltd.,			48,516	45,329
			134,381	105,159
		Group	Company	
		2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)
				2007 (Rs.'000)
<b>11. OTHER INVESTMENTS</b>				
<b>11.1 Investments in shares</b>	No. of Shares			
Sri Lanka Port Management and Consultancy Services Limited	1,002	10	10	10
Associated Newspapers of Ceylon Limited	10,000	100	100	100
		110	110	110
<b>11.2 Investments in debentures</b>				
Bank of Ceylon - Debentures (Redeemable)		56,500	-	56,500
		56,500	-	56,500
		56,610	110	56,610

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>12. DEFERRED TAXATION</b>				
Balance at the beginning of the year	(63,550)	-	(62,472)	-
Reversal during the year	83,298	-	82,858	-
Balance at the end of the year	19,748	-	20,386	-
Temporary Difference on Property Plant & Equipment	(158,955)	-	(157,548)	-
Temporary difference on Retirement Benefit Obligations	124,860	-	124,092	-
Temporary Difference on Voluntary Retirement Provision	36,000	-	36,000	-
Temporary Difference on Stock general Provision	7,474	-	7,474	-
Temporary Difference on Debtors general Provision	10,367	-	10,367	-
	19,748	-	20,386	-
<b>13. INVENTORIES</b>				
Raw Materials	1,011,013	903,842	954,610	862,869
Consumables	32,907	19,897	32,907	19,897
Less: Provision for Inventories (Note:13.1)	(62,780)	(31,003)	(62,780)	(31,003)
	981,140	892,736	924,737	851,763
Goods in Transit	11,792	35,402	11,792	35,074
	992,932	928,138	936,529	886,837
<b>13.1 Movement in Provision for Inventories</b>				
Balance at the beginning of the year	31,003	14,850	31,003	14,850
Provision made during the year	31,777	16,153	31,777	16,153
Balance at the end of the year	62,780	31,003	62,780	31,003
<b>14. TRADE AND OTHER RECEIVABLES</b>				
Trade Receivables	3,444,320	5,301,946	3,332,948	5,208,289
Less: Provision for Bad and Doubtful Debts	(79,645)	(111,359)	(76,194)	(104,344)
	3,364,676	5,190,587	3,256,754	5,103,945
Loans given to employees (Note:14.1)	374,661	329,684	371,479	327,174
VAT/GST Recoverable	8,407	82,201	-	74,922
Deposits and Prepayments	1,958,330	1,607,559	1,956,800	1,606,394
Other Receivables	62,094	67,414	51,338	50,740
	5,768,167	7,277,444	5,636,370	7,163,175
<b>14.1. Loans given to employees</b>				
Balance at the beginning of the year	329,685	183,960	327,174	183,001
Loans Granted during the year	152,169	226,471	150,015	224,554
Loans Repaid during the year	(107,201)	(80,747)	(105,710)	(80,381)
Effect of exchange rate fluctuations	8	-	-	-
Balance at the end of the year	374,661	329,684	371,479	327,174

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

Colombo Dockyard PLC	6.5%	10.0%
Dockyard General Engineering Services (Pvt) Limited	7.5%	10.0%
Ceylon Shipping Agency (Pte) Limited	3.0%	-

#### 15. AMOUNTS DUE FROM RELATED PARTIES

Relationship - Subsidiary	Group		Company	
	2008 (Rs. '000)	2007 (Rs. '000)	2008 (Rs. '000)	2007 (Rs. '000)
Dockyard General Engineering Services (Pvt) Ltd.,	-	-	6,989	11,635
	-	-	6,989	11,635

#### 16. CASH AND CASH EQUIVALENTS

##### 16.1 Favourable Balances

Call Deposits	386,485	727,878	386,485	727,878
Fixed Deposits	3,197,478	743,690	3,182,076	729,125
Cash at Bank	66,506	242,010	31,250	220,002
Cash in Hand	6,979	6,436	6,075	6,184
	3,657,448	1,720,014	3,605,886	1,683,189

##### 16.2 Unfavourable Balances

Bank Overdraft	(152,959)	(301,162)	(152,583)	(298,603)
<b>Cash and Cash Equivalents for the purpose of the Cash Flow Statement</b>	<b>3,504,489</b>	<b>1,418,852</b>	<b>3,453,303</b>	<b>1,384,586</b>

#### 17. STATED CAPITAL

Issued and Fully paid				
<b>At the beginning of the year</b>				
65,178,163 Ordinary Shares	651,781	651,781	651,781	651,781
<b>Shares issued during the year</b>				
Capitalisation of Reserves (Bonus Issue)	32,589	-	32,589	-
<b>At the end of the year</b>				
68,437,071 Shares (2007 - 65,178,163)	684,370	651,781	684,370	651,781

#### 18. INTEREST BEARING BORROWINGS

Payable after one year				
Long Term Loans (Note 18.1.3)	147,512	227,126	147,512	227,126
Finance Lease Obligations (Note 18.3)	2,662	3,426	-	-
	150,175	230,552	147,512	227,126
Payable within one year				
Long Term Loans (Note 18.1.3)	63,206	47,670	63,206	47,544
Short Term Loans (Note 18.2)	1,182,556	1,637,174	1,182,556	1,628,487
Finance Lease Obligations (Note 18.3)	763	634	-	-
	1,246,526	1,685,478	1,245,763	1,676,031

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>18.1 Long Term Loans</b>				
<b>18.1.1 Analysed by Lending Institution</b>				
National Development Bank PLC	60,512	92,096	60,512	92,096
DANIDA Government Loan	150,206	182,574	150,206	182,574
Commercial Bank of Ceylon PLC	-	126	-	-
	210,719	274,796	210,719	274,670
Payable within one year	(63,206)	(47,670)	(63,206)	(47,544)
Payable after one year	147,512	227,126	147,512	227,126
<b>18.1.2 Analysed by Repayment Period</b>				
Payable within one year	63,206	47,670	63,206	47,544
Payable between one and two years	55,405	63,336	55,405	63,336
Payable between two and five years	78,938	108,308	78,938	108,308
Payable after five years	13,170	55,482	13,170	55,482
	210,719	274,796	210,719	274,670
<b>18.1.3 Movement in Interest Bearing Borrowings</b>				
Balance at the beginning of the year	274,796	313,169	274,670	312,539
Effect of Exchange Fluctuations	(1,292)	22,709	(1,292)	22,709
	273,504	335,878	273,378	335,248
Loan Re-payments during the year	(62,785)	(61,082)	(62,659)	(60,578)
Balance at the end of the year	210,719	274,796	210,719	274,670
Payable within one year	(63,206)	(47,670)	(63,206)	(47,544)
Payable after one year	147,512	227,126	147,512	227,126

**18.1.4 Details of Securities**

The loan obtained from the National Development Bank PLC has been secured by way of primary mortgage over the two dock side cranes owned by Colombo Dockyard PLC.

With regard to the DANIDA Loan, the Government retains the right to movable and immovable assets of the Company to the extent of outstanding payments due to the Government at any time until the amount of loan is fully repaid.

The Commercial Bank of Ceylon PLC loan has been secured by way of primary mortgage over assets which was purchased by Dockyard General Engineering Services (Pvt) Ltd.

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
Balance at the beginning of the year	1,637,174	1,047,421	1,628,487	1,042,258
Loans obtained during the year	3,902,679	4,517,469	3,898,022	4,487,420
Loan Re-payments during the year	(4,467,875)	(3,993,105)	(4,454,532)	(3,966,580)
Adjustment in respect of Exchange Rate Fluctuations	110,579	65,389	110,579	65,389
Balance at the end of the year	1,182,556	1,637,174	1,182,556	1,628,487

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>18.3 Finance Lease Obligations</b>				
Balance at the beginning of the year	6,039	-	-	-
Add: Leases Obtained During the year	-	6,710	-	-
Less: Payments made during the year	(1,342)	(671)	-	-
Gross Lease Obligation at the end of the year	4,697	6,039	-	-
Less: Interest in Suspense	(1,271)	(1,979)	-	-
Net Finance Lease Obligations	3,426	4,060	-	-
Payable within one year	763	634	-	-
Payable after one year	2,662	3,426	-	-
	3,426	4,060	-	-
<b>19. DEFERRED TAXATION</b>				
Balance at the beginning of the year	-	104,163	-	103,466
Provision/(Reversal) during the year	-	(40,628)	-	(40,994)
Balance at the end of the year	-	63,535	-	62,472
Deferred Tax provision as at the year end is made up as follows.				
Temporary Difference on Property Plant & Equipment	-	180,945	-	179,301
Temporary difference on Retirement Benefit Obligations	-	(117,410)	-	(116,829)
Temporary Difference on Voluntary Retirement Provision	-	-	-	-
Temporary Difference on Stock general Provision	-	-	-	-
Temporary Difference on Debtors general Provision	-	-	-	-
	-	63,535	-	62,472
<b>20. RETIREMENT BENEFIT OBLIGATIONS</b>				
Balance at the beginning of the year	468,989	394,338	467,328	393,119
Provision made during the year	260,449	96,548	259,916	96,106
Payments made during the year	(37,843)	(21,897)	(37,843)	(21,897)
Balance at the end of the year	691,596	468,989	689,401	467,328
			2008 (Rs.'000)	2007 (Rs.'000)
<b>20.1 The amount recognised in the Balance Sheet are as follows</b>				
Present value of unfunded obligations			695,310	-
Present value of funded obligations			-	-
Total present value of obligations			695,310	-
Fair value of plan assets			-	-
Present value of net obligations			695,310	-
Unrecognised actuarial (gains)/ losses			(5,909)	-
Recognised liability for defined benefit obligations			689,401	-

**20.2 The key assumptions used by the actuary include the following.**

- i) Rate of Interest 15% (per annum)
- ii) Rate of Salary Increase 17% (per annum)
- iii) Retirement Age Male 55 years  
Female 50 years
- iv) Cost of Living Adjustment Increase 16% (per annum)
- v) The company will continue as a going concern.

The actuarial present value of the accrued benefits as at 31st December 2008 is Rs. 689,400,953/-. This item is grouped under retirement benefit obligations in the Balance Sheet. The liability is not externally funded.

	Group		Company	
	2008 (Rs.'000)	2007 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)
<b>20.3 Movement in the present value of defined benefit obligations</b>				
Liability for defined benefit obligations at 1st January			467,328	-
Actuarial (gains)/ losses			-	-
Benefit paid by the plan			(37,843)	-
Current service costs			165,058	-
Interest Cost			94,858	-
Liability for defined benefit obligations at 31st December			689,401	-
<b>20.4 Expense recognised in Profit or Loss</b>				
Current service costs			165,058	-
Interest on obligation			94,858	-
Expected return on plan assets			-	-
			259,916	-
<b>21. TRADE AND OTHER PAYABLES</b>				
Trade Payables	523,492	384,555	435,134	309,694
Subcontract Payables	669,339	441,456	668,713	438,270
Progress Bills	3,363,205	3,750,282	3,363,205	3,766,955
Provision for Warranty Claims	3,911	3,355	3,911	3,355
Accrued Expenses and Other Provisions	826,767	725,468	774,990	668,230
Other Payables	122,202	87,218	110,390	75,626
VAT Payable	6,134	-	5,604	-
	5,515,049	5,392,334	5,361,947	5,262,130
<b>22. AMOUNTS DUE TO RELATED PARTIES</b>				
Ceylon Shipping Agency (Pte) Limited	-	-	73,082	78,671
	-	-	73,082	78,671
<b>23. INCOME TAX PAYABLE</b>				
Balance at the beginning of the year	330,634	201,932	319,577	192,861
Provision for Income Tax on current year's profits	350,221	259,300	335,235	244,421
Under/(Over) provision of Income Tax in respect of prior year	42	3	-	-
Tax paid during the year - Income Tax	(24,606)	(7,294)	(17,908)	-
- Withholding Tax	(270,065)	(10,667)	(268,225)	(7,079)
- Defence Levy	-	(62,257)	-	(62,257)
- Economic Service Charge	(40,746)	(50,383)	(39,181)	(48,369)
Balance at the end of the year	345,480	330,634	329,498	319,577
<b>24. DIVIDENDS PAYABLE</b>				
Balance at the beginning of the year	6,111	4,624	6,111	4,624
Dividends declared during the year	195,534	195,534	195,534	195,534
Payments during the year	(194,345)	(194,047)	(194,345)	(194,047)
Balance at the end of the year	7,301	6,111	7,301	6,111

## 25. CONTINGENT LIABILITIES

- (a) On behalf of Colombo Dockyard PLC banks have given Bank Guarantees to the Company's customers amounting to Rs. 7,260,954,000/- (31-12-07 - Rs. 4,131,430,100/-) as at the Balance Sheet date.

Bank	Performance & Bid Bonds	Advance and Retention Bonds	Miscellaneous Bonds	Total Rs. 000
Bank of Ceylon	100,681	2,581,557	6,425	2,688,663
Commercial Bank of Ceylon PLC	169,268	-	2,230,315	2,399,583
National Development Bank PLC	-	-	1,317,782	1,317,782
Hatton National Bank PLC	-	-	699,616	699,616
Sampath Bank PLC	-	98,035	678	98,713
State Bank of India	41,597	-	-	41,597
Hongkong & Shanghai Bank Corporation Ltd.,	15,000	-	-	15,000
	<u>326,546</u>	<u>2,679,592</u>	<u>4,254,816</u>	<u>7,260,954</u>

- (b) An arbitration between Nautical Lines Ltd and Colombo Dockyard PLC:  
The case bearing No: HC (ARB) 1515/2003 filed in respect of the Arbitration Award made against Colombo Dockyard PLC, on a claim of US\$ 3,027,493/- together with interest at 9% per annum from 26th November 2002 for violating the copyrights and sum of US\$ 316,440/- as the cost of arbitration made by Nautical Lines Ltd. It was concluded in June 2004 in favour of Colombo Dockyard PLC.

However, Nautical Lines Ltd had instituted a fresh action in the Commercial High Court of Colombo bearing No: HC (Civil) 266/04(1) on 29th November 2004, against Colombo Dockyard PLC, based on the same Arbitration Award, claiming the identical sums.

The order was delivered on 4th December 2007 in favour of CDPLC dismissing the action of Nautical Lines Ltd. Subsequently on 17th December 2007, Nautical Lines Ltd, have appealed on the said order of 14th December 2007, to the Supreme Court. The said appeal is yet to be listed for hearing at the Supreme Court.

## 26. CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors at the end of 31st December 2008.

## 27. TRANSACTIONS WITH RELATED PARTIES

Company	Name of Director	Nature of Interest	Particulars of Financial Dealings	Value of Transaction Rs.'000'
	Mangala P.B. Yapa	Chairman	Subcontractor services obtained	270
Dockyard General Engineering Services (Pvt) Ltd	S. Tatebe	Director	Dividend declared	5,000
		Director	Management services	900
	Y.Kijima		Engineering jobs	5,139
			Lease rentals received	1,200
			Interest on Term Loans	245
			Purchase of Materials	2,820
		Other Expenses	2,444	
Ceylon Shipping Agency (Pte) Ltd	S. Tatebe	Director		
	Mangala P.B. Yapa	Director	Purchase of Materials	554,373
	C.S.W. De Costa	Director		
Onomichi Dockyard Company Ltd	Y. Hamane	President	Technical Support Obtained	65,408
Central Industries Limited	C.S.W. De Costa	Director	Purchase of Materials	1,832
Mercantile Shipping Co.PLC	H.A.R.K. Wickramathilake	Director	Shiprepair Undertaken	3,099

#### Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 30 (Revised 2005) 'Related Party Disclosures', Key Management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, amount of Rs. 46.9 Mn. has been paid to key management personnel of the Group as remuneration.

Loan amounting to Rs. 9.2 Mn has been given to Key Management personnel as at 31 st December 2008.

#### 28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors have authorised first and final dividend of Rs.7.00 out of the retained profit of the Company Rs.4,401 Mn as at 31st December 2008. An amount of Rs. 479 Mn would be utilised for the payment of Dividend authorised by the Directors for the year 2008.

Subsequent to the date of the Balance Sheet, no circumstances have arisen which would require adjustment to or disclosure in the Financial Statements, other than which are mentioned above.

#### 29. CHANGES IN CLASSIFICATION

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



## Last Decade **at a Glance**

Income Statement For the year ended 31st December	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
<b>Revenue</b>	10,929	8,621	7,333	5,916	4,749	2,683	4,533	5,092	3,914	2,715
Cost of Production	(8,428)	(6,496)	(5,831)	(5,250)	(4,075)	(2,129)	(3,735)	(4,005)	(3,184)	(1,884)
Gross Profit	2,501	2,125	1,502	666	674	554	798	1,087	730	831
Other Expenses	(1,110)	(1,030)	(832)	(669)	(548)	(556)	(511)	(697)	(527)	(450)
Profit before Other Income	1,391	1,095	670	(3)	126	(2)	287	390	203	381
Other Operating Income	123	195	209	91	71	44	54	50	22	31
<b>PROFIT FROM OPERATION</b>	1,514	1,290	879	88	197	42	341	440	225	412
Net Interest Income/ (Expense)	161	(5)	(57)	(52)	(8)	(24)	(62)	(103)	(74)	(50)
Profit before Tax	1,675	1,285	822	36	189	18	279	337	151	362
Taxation	(252)	(203)	(215)	21	(4)	37	(45)	(103)	(31)	(50)
<b>NET PROFIT FOR THE YEAR</b>	1,423	1,082	607	57	185	55	234	234	120	312
Retaind Profit b/f	2,522	1,635	1,109	1,176	1,084	1,122	888	747	720	501
Profit available for Appropriation	3,945	2,718	1,716	1,233	1,269	1,177	1,122	981	840	813
Capitalisation of Reserves (Bonus Shares)	(32)		(31)							
Final Dividends	(196)	(196)	(50)	(124)	(93)	(93)		(93)	(93)	(93)
	<b>3,717</b>	<b>2,522</b>	<b>1,635</b>	<b>1,109</b>	<b>1,176</b>	<b>1,084</b>	<b>1,122</b>	<b>888</b>	<b>747</b>	<b>720</b>
<b>Balance Sheet</b>										
As at 31st December	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>ASSETS</b>										
Property Plant & Equipment	2,146	1,826	1,607	1,363	1,109	1,158	1,229	1,286	1,339	1,341
Investments and Taxes	77	1	1	1	1	1	1	1	1	1
	<b>2,223</b>	<b>1,827</b>	<b>1,608</b>	<b>1,364</b>	<b>1,110</b>	<b>1,159</b>	<b>1,230</b>	<b>1,287</b>	<b>1,340</b>	<b>1,342</b>
<b>Current Assets</b>										
Inventories	937	887	486	546	285	324	318	788	986	449
Trade & Other Receivables	5,642	7,175	2,007	1,791	1,549	1,110	2,762	1,633	1,139	1,213
Cash & Short-term funds	3,606	1,683	1,740	1,678	1,395	550	469	390	854	741
	<b>10,185</b>	<b>9,745</b>	<b>4,233</b>	<b>4,015</b>	<b>3,229</b>	<b>1,984</b>	<b>3,549</b>	<b>2,811</b>	<b>2,979</b>	<b>2,403</b>
<b>TOTAL ASSETS</b>	<b>12,408</b>	<b>11,572</b>	<b>5,841</b>	<b>5,379</b>	<b>4,339</b>	<b>3,143</b>	<b>4,779</b>	<b>4,098</b>	<b>4,319</b>	<b>3,745</b>
<b>EQUITY &amp; LIABILITIES</b>										
Stated Capital	684	652	652	621	621	621	621	621	621	621
Revenue Reserves	3,717	2,522	1,635	1,109	1,176	1,084	1,122	888	747	720
<b>Share Holders Fund (Net Worth)</b>	<b>4,401</b>	<b>3,174</b>	<b>2,287</b>	<b>1,730</b>	<b>1,797</b>	<b>1,705</b>	<b>1,743</b>	<b>1,509</b>	<b>1,368</b>	<b>1,341</b>
<b>Non-Current Liabilities</b>										
Interest bearing Borrowings	148	227	253	286	217	209	209	276	481	478
Deferred Taxation	-	62	103	119	155	203	-	-	-	-
Retirement benefit Obligation	689	468	393	334	279	220	185	157	135	112
	<b>837</b>	<b>757</b>	<b>749</b>	<b>739</b>	<b>651</b>	<b>632</b>	<b>394</b>	<b>433</b>	<b>616</b>	<b>590</b>
<b>Current Liabilities</b>										
Trade & Other Payables	5,435	5,341	1,147	981	734	453	641	848	680	1,145
Interest bearing Borrowings	1,246	1,676	1,102	1,472	500	179	1,227	623	806	307
Income Tax Payable	329	319	193	4	(2)	(48)	177	158	96	103
Dividends Payable	7	6	5	4	3	3	3	56	96	94
Bank Overdraft	153	299	358	449	656	219	594	471	657	165
	<b>7,170</b>	<b>7,641</b>	<b>2,805</b>	<b>2,910</b>	<b>1,891</b>	<b>806</b>	<b>2,642</b>	<b>2,156</b>	<b>2,335</b>	<b>1,814</b>
	<b>12,408</b>	<b>11,572</b>	<b>5,841</b>	<b>5,379</b>	<b>4,339</b>	<b>3,143</b>	<b>4,779</b>	<b>4,098</b>	<b>4,319</b>	<b>3,745</b>
<b>Key Indicators</b>										
Earnings per Share (basic) Rs.	20.80	15.81	9.31	0.94	2.98	0.86	3.77	3.78	1.94	5.02
Net Assets per Share (Rs.)	64.31	48.69	35.10	27.87	28.97	27.45	28.07	24.3	22.02	21.59
Market Price per Shares (Rs.)	50.00	53.00	36.00	22.25	22.50	21.00	30.50	25.75	10.00	16.50
Return on Capital Employed (%)	33.3	37.9	34.6	4.4	9.8	2.2	17.4	24.4	12.0	22.2
Dividend per Share (Rs.)	7.00	3.00	3.00	0.80	1.50	1.50	1.50	1.50	1.50	1.50
Current Ratio (Times)	1.42	1.28	1.51	1.38	1.31	2.46	1.35	1.31	1.19	1.34
Interest Cover (Times)	21.66	10.65	8.34	1.06	6.37	1.03	3.94	3.60	2.09	6.22



# Form of Proxy

I/We .....  
 (NIC No.) ..... of .....

being a member/members of Colombo Dockyard PLC, hereby appoint, .....  
 ..... of.....(or failing him)

- |                          |                             |
|--------------------------|-----------------------------|
| S. Tatebe                | of Colombo (or failing him) |
| C.S.W. de Costa          | of Colombo (or failing him) |
| M. P.B. Yapa             | of Colombo (or failing him) |
| Y. Hamane                | of Colombo (or failing him) |
| Y. Kijima                | of Colombo (or failing him) |
| G.A.D.L.H. Ganlath       | of Colombo (or failing him) |
| H.A.R.K. Wickramathilake | of Colombo (or failing him) |
| R.S.J. Al Suwaidi        | of Colombo (or failing him) |
| T. Inahara               | of Colombo                  |

as my/our Proxy to represent and speak and vote for me/us\* and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held on 27th March 2009 at 10.00a.m.and at any adjournment thereof and at every poll which may be taken in consequence thereon.

I/We the undersigned, hereby direct my/our\* proxy to speak and vote for me/us and on my/our behalf on the resolution set out in the Notice convening the meeting, as follows:

1. <u>Routine Business</u>	For	Against
1.1 To receive the Report of the Directors, the Audited Accounts for the year ended 31st December 2008 and the Report of the Auditors	<input type="checkbox"/>	<input type="checkbox"/>
1.2 To re-elect Mr. Lalith Ganlath in terms of Article 87 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
1.3 To re-elect Mr. H A R K Wickramathilake in terms of Article 87 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
1.4 To re-appoint Messes KPMG Ford Rhodes Thornton & Co., the retiring Auditors and authorize the Directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
1.5 To authorize the Directors to determine donations for the year 2009 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. <u>Special Business</u></b>		
2.1 To pass a Special Resolution pertaining to a "Major Transaction" in terms of Section 185 (2) ( c) of the Companies Act No. 7 of 2007 as set out in the Notice of Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our\* hand/s this ..... day of ..... Two Thousand Nine.

.....  
 Signature

Notes : \* Instructions as to completion appear overleaf.  
 Please indicate with an "X" in the space provided, how your Proxy is to vote on the Resolutions.  
 If no indication is given, the Proxy in his discretion will vote as he thinks fit.

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**INSTRUCTIONS FOR COMPLETION**

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

Please fill the details ;

Share Certificate No:	.....
Name	: .....
Address	: .....
	.....
Jointly with	: .....