

**CEYLON DOLLAR BOND FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2025**



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INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF CEYLON DOLLAR BOND FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Dollar Bond Fund ("the Fund"), which comprise the statement of financial position as at 31st December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to Unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. These financial statements does not include the other information.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE UNITHOLDERS OF CEYLON DOLLAR BOND FUND (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

08th May 2026

CEYLON DOLLAR BOND FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December,

	Note	2025 USD	2024 USD
Interest income	5	2,004,364	50,714
Unrealised gain on financial assets at fair value through profit or loss	13	3,920,899	928,332
Realized (losses)/gains on financial assets held at fair value through profit or loss	13	(1,919,972)	5,921,384
Total investment income		4,005,291	6,900,430
Management fees	6	(89,389)	(68,197)
Trustee fees	7	(35,283)	(35,373)
Professional fees	8	(2,186)	(1,728)
Subscription fees	9	(1,071)	(1,791)
Bank charges		(3,154)	(1,509)
Total operating expenses		(131,083)	(108,598)
Increase in net assets attributable to unit holders before tax		3,874,208	6,791,832
Income tax expense	10	-	-
Net profit after tax for the year		3,874,208	6,791,832
Increase in net assets attributable to unit holders		3,874,208	6,791,832

The notes form an integral part of these financial statements
 Figures in brackets indicate deductions.

**CEYLON DOLLAR BOND FUND
STATEMENT OF FINANCIAL POSITION**

As at 31st December,

	Note	2025 USD	2024 USD
Assets			
Cash and cash equivalents	11	1,207,179	1,509,852
Financial assets at fair value through profit or loss	12	24,601,152	22,372,988
Financial assets at amortised cost	14	764,307	887,750
Other receivables	15	6,461	301
Total assets		26,579,099	24,770,891
Liabilities			
Accrued expenses and other payables	16	42,478	62,443
Total liabilities (excluding net assets attributable to unit holders)		42,478	62,443
Net assets attributable to unit holders		26,536,621	24,708,448
Total net assets attributable to unit holders and liabilities		26,579,099	24,770,891

The notes form an integral part of these financial statements
Figures in brackets indicate deductions.

The Manager is responsible for these Financial Statements were approved by the Manager.
Signed for and on behalf of the Manager by;


.....
Director
Management Company
08th May 2026
Colombo


.....
Director
Management Company
08th May 2026
Colombo


.....
Trustee
Authorized Signatories
Trustee
08th May 2026
Colombo

DEUTSCHE BANK AG
Colombo Branch

CEYLON DOLLAR BOND FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

For the year ended 31st December,

	2025 USD	2024 USD
Balance as at 1st January	24,708,448	17,132,985
Increase in net assets attributable to Unit holders	3,874,208	6,791,832
Contributions and redemptions by unit holders		
Received on Creation of Units	2,392,545	1,286,648
Paid on Redemption of Units	(4,438,580)	(503,017)
Net (decrease)/increase due to unit holders' transactions	(2,046,035)	783,631
Balance at 31st December	26,536,621	24,708,448

The notes form an integral part of these financial statements

Figures in brackets indicate deductions.

CEYLON DOLLAR BOND FUND
STATEMENT OF CASH FLOWS

For the year ended 31st December,	Note	2025 USD	2024 USD
Cash flows from operating activities			
Net of expenses paid		(110,231)	(105,991)
Net of income received		2,040,437	11,923
Net investment in sovereign bonds		(4,694,225)	-
Net investment from/(in) money market savings		124,813	(883,691)
Proceeds from disposal of sovereign bonds		4,382,568	1,301,223
Net cash from operating activities		1,743,362	323,464
Cash flows from financing activities			
Cash received on creation of units		2,392,545	1,336,148
Cash paid on redemption of units		(4,438,580)	(503,017)
Net cash (used in)/from financing activities		(2,046,035)	833,131
Net (decrease)/increase in cash and cash equivalents		(302,673)	1,156,595
Cash and cash equivalents at 1st April		1,509,852	353,257
Cash and cash equivalents at 31st December	11	1,207,179	1,509,852

The notes form an integral part of these financial statements
 Figures in brackets indicate deductions.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

1.1 General information

The Ceylon Dollar Bond Fund is an open-ended Fund which was launched on 2nd July 2014 by a Trust Deed executed between Ceylon Asset Management Company Limited as Fund Manager and the Deutsche Bank AG Corporation Limited – Sri Lanka as the Trustee.

The Fund is managed by Ceylon Asset Management Company Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at No. 33, Parkland 1, Park Street, Colombo 03, Sri Lanka. The Trustee of the Fund is Deutsche Bank AG – Sri Lanka having its place of business at Level 21, One Galle Face Tower, No. 1A, Centre Road, Galle Face, Colombo 02, Sri Lanka.

The Fund aims to provide US Dollar returns by investing in Sri Lankan sovereign bonds, bank and corporate dollar bonds, rated and listed on recognised global stock exchanges.

In accordance with the Unit Trust Deed, all assets of the Fund are controlled by the trustee, and investment decisions are approved by the trustee.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan Rupees. The statement of financial position is presented on a liquidity basis.

2.1 Statement of compliance

The financial statements which comprise the statement of financial position as at 31st December 2025, statement of profit or loss, statement of changes in net assets attributable to unit holders, and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs).

2.2 Going concern

These financial statements are prepared on the assumption that the Fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

3. Summary of material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in this financial statement except if mentioned otherwise.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.1 Financial assets and financial liabilities

3.1.1 Recognition and initial measurement

The Fund initially recognizes regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

3.1.2 Classification and subsequent measurement

a. Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the Fund are measured at FVTPL.

b. Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

c. Assessment whether contractual cash flows are SPPI

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

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.1 Financial assets and financial liabilities (Continued)

3.1.2 Classification and subsequent measurement (Continued)

c. Assessment whether contractual cash flows are SPPI (Continued)

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

Contingent events that would change the amount or timing of cash flows;

- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.1.3 Subsequent measurement of financial assets

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognized in profit or loss in 'net gains (losses) from financial instruments at FVTPL' in the statement of profit or loss. Sri Lanka International Sovereign Bonds are included in this category.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognized in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognized in 'net foreign exchange loss' and impairment is recognized in 'impairment losses on financial instruments' in the statement of profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. Money market savings are included under this category.

3.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities at FVTPL:

- a. Held for trading: securities sold short and derivative financial instruments.

Financial liabilities at amortised cost:

- b. This includes audit fee payable, management fee payable, trustee fee payable, custodian fee payable, creation received in advance, redemption payable and other payables.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.1 Financial assets and financial liabilities (Continued)

3.1.5 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

3.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3.1.6.1 Impairment

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- a. financial assets that are determined to have low credit risk at the reporting date; and
- b. other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

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

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.1 Financial assets and financial liabilities (Continued)

3.1.6 Amortised cost measurement (Continued)

3.1.6.1 Impairment (Continued)

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

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be BBB- or higher per Lanka Rating Agency Limited or an equivalent rating per Fitch Rating Lanka Limited.

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

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

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

a. Measurement of ECLs

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

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

b. Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred,

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

c. Presentation of allowance for ECLs in the statement of financial position

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

d. Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.1 Financial assets and financial liabilities (Continued)

3.1.7 Derecognition

The Fund derecognises regular-way sales of financial assets using trade-date accounting. A financial asset is derecognized;

- when the contractual rights to the cash flows from the asset expire;
- or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred;
- or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained, less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

3.1.7.1 Restructuring of financial assets and liabilities

Financial assets and liabilities are derecognised upon restructuring if the terms are deemed substantially modified. A modification is considered substantial when the revised terms result in significantly different cash flows or reflect changes in key contractual elements such as interest rate, maturity, currency, or legal form.

In such cases, the original asset or liability is derecognised, and a new one is recognised at fair value. Any resulting gain or loss is recognised in profit or loss. If the modification is not substantial, the existing asset or liability is adjusted, and the difference is recognised in profit or loss on the modification date.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.2 Recognition of revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised.

3.2.1 Interest income

Interest income is recognized in the statement of profit or loss using the Effective Interest Rate (EIR) method, including interest income on financial assets measured at amortised cost, calculated using the EIR method.

3.2.2 Unrealised gains/ (losses) on financial assets held at fair value through profit or loss

Unrealised gains/ (losses) on financial assets held at fair value through profit or loss includes all gains and losses that arise from changes in fair value of financial assets held at fair value through profit or loss as at the reporting date.

3.2.3 Realised gains/ (losses) on financial assets held at fair value through profit or loss

Realised gains/ (losses) on financial assets held at fair value through profit or loss include the results of buying and selling Sri Lankan International Sovereign Bonds (SLISBs), as well as any gains or losses arising from the restructuring of such bonds.

3.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.4 Distributions

In accordance with the trust deed, the Fund distributes income, to unitholders by cash or reinvestment in units. The distributions are recorded in the statement of movement in unit holders' Funds.

3.5 Expenses

The management and trustee fees of the Fund as per the trust deed is as follows;

Management fee	-	0.35% p.a of net asset value of the Fund
Trustee fee	-	0.15% p.a of net asset value of the Fund

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of material accounting policies (Continued)

3.6 Unit holders' funds

Unit holders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unit holders.

4. New accounting standards issued but not yet effective as at the reporting date.

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Fund has not early adopted any of the new or amended standards in the preparation of these financial statements.

A. Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

The requirements will be effective for annual reporting periods beginning on or after 01 January 2026, with early application permitted, and are related to:

- recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

B. SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01 January 2027. The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December,	2025 USD	2024 USD
5 Interest income		
Interest income (Note 5.1)	<u>2,004,364</u>	<u>50,714</u>
	<u>2,004,364</u>	<u>50,714</u>
5.1 Interest on:		
Money market savings	48,950	15,430
Sovereign bonds	<u>1,955,414</u>	<u>35,284</u>
	<u>2,004,364</u>	<u>50,714</u>
6 Management fees		
Management fees	<u>89,389</u>	<u>68,197</u>
	<u>89,389</u>	<u>68,197</u>

Management fees are charged by Ceylon Asset Management Company Limited, the Fund Manager, for investment management services provided to the Fund in accordance with the terms and conditions set out in the trust deed.

7 Trustee fees		
Trustee fees	<u>35,283</u>	<u>26,441</u>
	<u>35,283</u>	<u>26,441</u>

Trustee fees are charged by Deutsche Bank AG - Sri Lanka for trustee services provided to the Fund, in accordance with the terms of the trust deed.

8 Professional fees		
Tax consultation charges	438	511
Audit fees		
- Audit fee for the year	1,748	1,000
- Under provision - Prior year	-	217
	<u>2,186</u>	<u>1,728</u>
9 Subscription fees		
Subscription fees	<u>1,071</u>	<u>1,791</u>
	<u>1,071</u>	<u>1,791</u>

Subscription fees represent the annual fees for access to BondbloX, a bond trading and market data platform operated by BondEValue Pte. Ltd. This subscription provides sovereign bond market prices to support the Company's investment valuation and monitoring processes.

10 Income tax expenses

In accordance with Section 57 of the Inland Revenue Act, No. 24 of 2017 (as amended), the Fund has treated all income as having been passed through to its unit holders. Therefore, the Fund is not subject to income tax on such income under the provisions of the Inland Revenue Act and its subsequent amendments.

As at 31st December,	2025 USD	2024 USD
11 Cash and cash equivalents		
Favourable balances		
Cash at bank	<u>1,207,179</u>	<u>1,509,852</u>
Total cash and cash equivalents for the purpose of statement of cash flows	<u>1,207,179</u>	<u>1,509,852</u>

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,	2025 USD	2024 USD
12 Financial assets at fair value through profit or loss		
Sovereign bonds (Note 12.1)	<u>24,601,152</u>	<u>22,372,988</u>
	<u>24,601,152</u>	<u>22,372,988</u>
12.1 Carrying value of the sovereign bonds		
2030 Macro Linked Bonds	2,902,453	2,869,584
2033 Macro Linked Bonds	5,303,862	5,132,324
2026 Macro Linked Bonds	4,242,175	2,393,178
2038 Macro Linked Bonds	5,616,907	4,831,465
Governance Linked Bonds	5,044,859	3,300,528
Past Due Interest (PDI) Bonds	1,490,896	3,845,909
	<u>24,601,152</u>	<u>22,372,988</u>
13 Net gains on financial assets at fair value through profit or loss		
Realised (Losses)/gains from sovereign bonds measured at fair value through profit or loss.	(1,919,972)	928,332
Unrealised gains from sovereign bonds measured at fair value through profit or loss.	3,920,899	5,921,384
	<u>2,000,927</u>	<u>6,849,716</u>
14 Financial assets at amortised cost		
Money market savings (Note 14.1)	764,307	887,750
	<u>764,307</u>	<u>887,750</u>
14.1 Money market savings		
	2025	2024
	Carrying value USD	Holding as a % of net asset value
DFCC Bank PLC	764,307	2.88%
	887,750	3.58%
	2025 USD	2024 USD
15 Other receivables		
Bank charges receivable	39	40
Other receivables	261	261
SL ISB interest receivable	6,161	-
	<u>6,461</u>	<u>301</u>
16 Accrued expenses and other payables		
Fund manager payable	15,224	6,909
Trustee fee and custodian fee payable	16,255	3,584
Audit fee payable	1,561	1,204
Professional fee payable	436	216
Other payable	9	110
Front end fee payable	5,375	920
Redemption Payable	3,618	-
Creation received in advance	-	49,500
	<u>42,478</u>	<u>62,443</u>
17 Financial assets and financial liabilities not carried at fair value		
For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.		
Accordingly, the following is a list of financial instruments of which carrying amount is a reasonable approximation of fair value.		
Assets	Liabilities	
Financial assets measured at amortised cost	Accrued expenses and other payables	
Cash and cash equivalents		
Other receivables		

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

18 Contingencies

There are no material contingencies existing as at the reporting date that require adjustments to or disclosure in the Financial Statements.

19 Events occurring after the reporting date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

20 Capital commitments

There were no material capital and financial commitments as at the reporting date.

As at 31st December,

21 Units in issue and unit price

	2025 USD	2024 USD
Units in issue and deemed to be in issue as at 31 st December	24,305,562	26,343,924
Unit creation price as at 31 st December	1.09	0.94
Unit redemption price at at 31 st December	1.09	0.94

22 Related party disclosure

22.1 Management Company and Trustee

The Management Company of the fund is Ceylon Asset Management Company Limited. Ceylon Asset Management Limited manages the following licensed unit trusts: Ceylon Index Fund, Ceylon Income Fund, Ceylon Financial Sector Fund, Ceylon Money Market Fund, Ceylon IPO Fund, Ceylon Tourism Fund and Ceylon Treasury Income Fund. The Trustee of the fund is Deutsche Bank AG.

22.2 Other related parties

Ceylon Capital Partners Limited, Sri Lanka Insurance Corporation Limited, and The Mogul Fund (Private) Limited collectively exercise control over Ceylon Asset Management Company Limited, the fund manager, and are considered its parent entities under a joint agreement.

22.3 Key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the fund – directly or indirectly. The definition of key management personnel includes directors (both executive and non-executive). In our view, the term also includes directors of any of the fund's parents to the extent that they have authority and responsibility for planning, directing and controlling the fund's activities.

i) Directors

Mr. Rajeendra Shashika Ranasinghe - Chairman
 Mr. Dulindra Thulsith Fernando - Managing Director
 Dr. Ravindra Ajith Fernando - Director
 Mrs. Manjula Cleone Senevirathne - Director
 Mr. Thibiripolage Sevandhi Alfred Fernando- Director
 Mr. Faisal Iqbal- Director
 Mr. Thilanka Nuwan Geeganage- Director

ii) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Mr. Thilina Withanage - Senior Consultant (Operations)
 Mr. W J Chaminda De Alwis- Compliance Officer
 Mrs. Shermila Perera- General Manager- Sales and Marketing.
 Mr. Senitha Gunawardhana- General Manager- Finance

22.4 Key management personnel compensation

Key management personnel are paid by Ceylon Asset Management Company Limited. Payments made from the Fund to Ceylon Asset Management Company Limited do not include any amounts directly attributable to the compensation of key management personnel.

22.5 Other transactions within the Fund

Apart from those details disclosed in note 22.6 and 22.7, key management personnel have not entered in to any other transactions involving the Fund during the financial year.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party disclosure (Continued)

22.6 Related party unit holding and other transactions

The following are the related party holdings of the Ceylon Dollar Bond Fund.

Related party	Relationship	No. of Units	Value of units held	Total interest held
			USD	%
31st December 2025				
Sri Lanka Insurance Corporation General Limited	Parent Company (Joint Agreement) of the Management Company	8,521,394	9,303,658	35.1%
Sri Lanka Insurance Corporation Life Limited	Parent Company (Joint Agreement) of the Management Company	2,048,421	2,236,466	8.43%
Ms. Ramani Juliana Jayewardene	Close family member of Key Management Personnel	6,040	6,594	0.02%
Mrs. Jayani Wickeremanayake	Compliance Officer	76	83	0.00%
31st December 2024				
Sri Lanka Insurance Corporation	Parent Company (Joint Agreement) of the Management Company	10,387,450	9,742,389	39.4%
Mr. Dulindra Fernando	Managing Director of the Management Company	39,722	37,255	0.15%

22.7 Transactions with and amounts due to related parties

The fees were charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Charge for the year ended		Payable as at	
	31 st December		31 st December	
	2025	2024	2025	2024
	USD	USD	USD	USD
Management fees - Ceylon Asset Management Company Limited	89,389	68,197	15,224	6,909
Trustee fees - Deutsche Bank AG - Sri Lanka	35,283	35,373	16,255	3,584
Front end fees - Ceylon Asset Management Company Limited	-	-	5,375	920

22.8 Other transactions with related parties

Investments in money market saving has been made in the ordinary course of operations with following related parties. The resulting investment income and outstanding investment balances are given below.

	Investment income received		Balance as at	
	during the year ended		31 st December	
	31 st December		31 st December	
Sovereign bonds held at Deutsche Bank AG - Sri Lanka as Custodian	-	-	24,601,152	22,372,988
The bank balance held at Deutsche Bank AG - Sri Lanka	-	-	1,207,179	1,509,852

23 Reconciliation between the net asset value as per the financial statements and the published net asset value

	2025	2024
	USD	USD
Net Asset Value as per Financial Statements	26,536,621	24,708,448
Published Net Asset Value	26,536,621	24,708,448
Number of units outstanding	24,305,562	26,343,924
Net Asset Value per Unit	1.09	0.94

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

24 Financial risk management

Overview

The Fund has exposure to the following risk via financial instruments,

- Liquidity risk
- Operational risk
- Market risk
 - (i) Interest rate risk
 - (ii) Price risk
 - (iii) Capital risk management

24.1 Risk management framework

The Management has the overall responsibility for the establishment and oversight of the The Fund's risk management framework.

The Fund actively trades financial instruments in line with its investment management strategy. Details of its investment portfolio as of the reporting date are disclosed in the schedule of investments. The Fund's investment activities expose it to various financial and market-related risks, with inherent risk concentrations being a natural part of its operations. The Trustee provides the Fund Manager with investment restrictions and guidelines while overseeing their activities to ensure compliance with the Fund's investment objectives, policies, and restrictions. The Trustee also reviews the Fund's investments and performance. Asset allocation is managed by the Fund Manager, who ensures the distribution of assets aligns with the Fund's investment objectives. Any deviations from target allocations and portfolio composition are closely monitored by both the Fund Manager and the Trustee.

The Fund's risk management policies are established to identify and analyse the risk confronted by the Fund, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered.

The Fund's risk management policies are established to identify and analyse the risk confronted by the Fund, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and

24.1 (a) Liquidity Risk

Liquidity risk is the risk that the Fund will not have adequate financial resources to meet the Fund's obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

-Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

Maturity Analysis of the Financial Assets and Financial Liabilities

	Carrying amount	Undiscounted contractual cash flows	On demand	Up to 3 months	3 months to 1 year	1-3 years	3-5 years	Over 5 years
	USD	USD	USD	USD	USD	USD	USD	USD
Assets								
Cash at bank	1,207,179	1,207,179	1,207,179	-	-	-	-	-
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value	24,601,152	40,007,642	-	-	-	-	6,444,414	33,563,228
Financial assets at amortised cost	764,307	766,707	766,707	-	-	-	-	-
Other receivable	6,461	6,461	6,461	-	-	-	-	-
Total as at 31st December 2025	26,579,099	41,987,989	1,980,346	-	-	-	6,444,414	33,563,228
As at 31st December 2024	24,770,891	43,738,186	2,397,903	277,456	1,601,071	3,757,054	5,124,878	30,579,823
Liabilities								
Accrued expenses and other payables	42,478	42,478	42,478	-	-	-	-	-
Total as at 31st December 2025	42,479	42,478	42,478	-	-	-	-	-
As at 31st December 2024	62,443	62,443	62,443	-	-	-	-	-

The carrying amounts of cash and cash equivalents, financial assets measured at amortised cost consisting solely of money market savings, and other receivables, as well as accrued expenses and other payables, approximate their undiscounted contractual cash flows as at the reporting date. This assessment is based on their short-term maturities, high liquidity, and the presence of fixed or determinable cash flows that are subject to insignificant liquidity risk.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Financial risk management (continued)

24.1 Risk management framework (continued)

24.1 (b) Credit risk

Credit risk is the risk of financial loss to the Fund if a client or counterparty to a financial instrument fails to meet its contractual obligations. It arises mainly from the Fund's advances to clients.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.

24.1 (b) i Credit risk exposure - Cash at bank

Credit risk exposure of cash at bank is depicted in the below table using carrying values as at the Statement of Financial Position date.

	Rating	Rating Agency	2025 Rs.	2024 Rs.
Deutsche Bank AG - Sri Lanka	A-	Fitch	1,207,179	1,509,852
Total exposure to credit risk			1,207,179	1,526,634
Cash and cash equivalents			1,207,179	1,509,852

24.1 (b) ii Credit quality by class of financial assets

As at 31st December 2025

	Carrying amount	12 Month Expected Credit Loss	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	USD	USD	USD	USD	USD
<u>Cash and cash equivalents</u>					
Rated AAA to A-	1,207,179	1,207,179	-	-	1,207,179
Total	1,207,179	1,207,179	-	-	1,207,179
<u>Financial assets at fair value through profit or loss</u>					
Government securities (Risk free investments)	24,601,152	24,601,152	-	-	24,601,152
Total	24,601,152	24,601,152	-	-	24,601,152
<u>Financial assets at amortised cost</u>					
Rated AAA to A-	764,307	764,307	-	-	764,307
Total	764,307	764,307	-	-	764,307
Other receivables					
Not rated	6,461	6,461	-	-	6,461
Total	6,461	6,461	-	-	6,461

As at 31st December 2024

	Carrying amount	12 Month Expected Credit Loss	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	USD	USD	USD	USD	USD
<u>Cash and cash equivalents</u>					
Rated AAA to A-	1,509,852	1,509,852	-	-	1,509,852
Total	1,509,852	1,509,852	-	-	1,509,852
<u>Financial assets at fair value through profit or loss</u>					
Government securities (Risk free investments)	22,372,988	22,372,988	-	-	22,372,988
Total	22,372,988	22,372,988	-	-	22,372,988
<u>Financial assets at amortised cost</u>					
Rated AAA to A-	887,750	887,750	-	-	887,750
Total	887,750	887,750	-	-	887,750
Other receivables					
Not rated	301	301	-	-	301
Total	301	301	-	-	301

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Financial risk management (continued)

24.1 Risk management framework (continued)

24.1 (b) Credit risk (continued)

24.1 (b) iii Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the Statement of Financial Position.

As at 31st December 2025	Cash at Banks	Financial investments at FVTPL	Financial investments at amortised cost	Total financial assets
	USD	USD	USD	USD
	<u>Sector Wise Breakdown</u>			
Government	-	24,601,152	-	24,601,152
Corporate	1,207,179	-	764,307	1,971,485
Total	1,207,179	24,601,152	764,307	26,572,637

As at 31st December 2024	Cash at Banks	Financial investments at FVTPL	Financial investments at amortised cost	Total financial assets
	USD	USD	USD	USD
	<u>Sector Wise Breakdown</u>			
Government	-	22,372,988	-	22,372,988
Corporate	1,509,852	-	870,000	2,396,634
Total	1,526,634	-	870,000	24,769,622

24.1 (c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall Fund's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with the Fund's internal controls and procedures is supported by periodic reviews undertaken by management or external parties. The results of these reviews are discussed with the management of the business units, and summaries of the findings are presented to the relevant senior management oversight.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Financial risk management (continued)

24.1 Risk management framework (continued)

24.1 (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising

Management of market risk includes the following elements:

- The operational authority for managing market risk is vested with the Investment Committee.
- Interest rate risk is managed within the approved limits by the Investment Committee.

(i) Interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Fund's exposure arises primarily from its interest-bearing financial assets.

A summary of the Fund's interest rate gap position, analysed by the earlier of contractual re-pricing or maturity date, is as follows,

As at 31 st December 2025	Up to 3 months USD	3 to 12 months USD	1 to 3 years USD	3 to 5 years USD	Over 5 Years USD	Total USD
Financial assets						
Financial assets at FVTPL	-	-	-	-	24,601,152	24,601,152
Financial assets at amortized cost	764,307	-	-	-	-	764,307
Total interest-bearing assets	764,307	-	-	-	24,601,152	25,365,459
Interest rate gap	764,307	-	-	-	24,601,152	25,365,459
As at 31 st December 2024	Up to 3 months USD	3 to 12 months USD	1 to 3 years USD	3 to 5 years USD	Over 5 Years USD	Total USD
Financial assets						
Financial assets at FVTPL	-	-	-	-	22,372,988	22,372,988
Financial assets at amortized cost	887,750	-	-	-	-	887,750
Total interest-bearing assets	887,750	-	-	-	22,372,988	23,260,737
Interest rate gap	887,750	-	-	-	22,372,988	23,260,737

As at the reporting date, the Fund does not have any interest-bearing financial liabilities. Therefore, the interest rate gap represents the total interest-sensitive financial assets of the Fund.

Sensitivity Analysis

A reasonably possible change of 2% in interest rates at the reporting date would have increased or decreased the Fund's equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

The management of interest rate risk is supported by monitoring the sensitivity of the Fund's financial assets and liabilities to various interest rate

Scenario	Profit or loss USD	Equity, net of tax USD
2% Decrease	(40,087)	(40,087)
2% Increase	40,087	40,087

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Financial risk management (continued)

24.1 Risk management framework (continued)

(ii) Price risk

The Fund is exposed to price risk in respect of fixed-rate financial assets measured at fair value through profit or loss (FVTPL) includes Sovereign Bonds. These instruments are not subject to equity or commodity price fluctuations; however, their fair values are sensitive to changes in market interest rates due to the inverse relationship between bond prices and interest rates. Accordingly, the price risk faced by the Fund in this context arises exclusively from interest rate movements. A reasonably possible change of 2% in market interest rates at the reporting date would have impacted the fair value of these instruments, and consequently the Fund's profit or loss, as presented under the interest rate sensitivity analysis.

(iii) Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unit holders.

Following being the disclosures of Unit holders' Funds;

I. In term of Value	USD
Unit Holders' Funds as at 01st January 2025	24,708,448
Creations during the year	2,392,545
Redemption during the year	(4,438,580)
Increase/(Decrease) in net assets attributable to Unit Holders	3,874,208
Unit Holders' Funds as at 31st December 2025	<u>26,536,621</u>
II. In term of No of units	
Unit Holders' Funds as at 01st January 2025	26,343,924
Creations during the year	2,340,252
Redemption during the year	(4,378,614)
Unit Holders' Funds as at 31st December 2025	<u>24,305,562</u>

As stipulated within the Trust Deed, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Financial Instruments - Fair Value Measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

25.1 Fair values versus the carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows;

	As at 31.12.2025		As at 31.12.2024	
	Carrying Amount USD	Fair Value USD	Carrying Amount USD	Fair Value USD
Financial assets measured at fair value				
Financial Assets recognised through Profit or Loss - Measured at Fair Value	24,601,152	24,601,152	22,372,988	22,372,988
	24,601,152	24,601,152	22,372,988	22,372,988
Financial assets not measured at fair value				
Financial investments at amortised cost	764,307	764,307	887,750	887,750
Other receivables	6,461	6,461	301	301
	770,768	770,768	2,397,903	2,397,903
Total financial assets	25,371,920	25,371,920	24,770,891	24,770,891
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Accrued expenses and other payables	42,478	42,478	62,443	62,443
Total financial liabilities	42,478	42,478	62,443	62,443

CEYLON DOLLAR BOND FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Financial instruments- fair value measurement (continued)

25.2 Financial instruments- fair value

The following table shows an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 31st December 2025

	Total Carrying Value USD	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
Financial Assets measured at Fair Value					
<u>Financial Assets Recognised Through Profit or Loss - Measured at Fair Value</u>					
Sri Lanka sovereign bonds (SLISB)	24,601,152	24,601,152	-	-	24,601,152
	24,601,152	24,601,152	-	-	24,601,152
Total Financial Assets	24,601,152	24,601,152	-	-	24,601,152

As at 31st December 2024

	Total Carrying Value USD	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
Financial Assets measured at Fair Value					
<u>Financial Assets Recognised Through Profit or Loss - Measured at Fair Value</u>					
Sri Lanka sovereign bonds (SLISB)	22,372,988	22,372,988	-	-	22,372,988
	22,372,988	22,372,988	-	-	22,372,988
Total Financial Assets	22,372,988	22,372,988	-	-	22,372,988

25.3 Measurement of fair values

25.3.1 Valuation techniques for specific instruments

(a) Sovereign bonds

Sovereign bonds are classified as financial assets measured at fair value through profit or loss (FVTPL) in accordance with SLFRS 9. The fair value is determined based on clean prices obtained from active market sources, which reflect quoted market prices excluding accrued interest. Accrued interest is calculated separately using the effective interest rate (EIR) method in line with the requirements of SLFRS 9 for interest income recognition. This measurement approach also complies with the fair value hierarchy principles outlined in SLFRS 13.