

04 May, 2020

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
The Colombo Stock Exchange
#04-01, West Block
World Trade Centre
Echelon Square,
Colombo 1.

Dear Sir,

DISCLOSURE REGARDING IMPACT OF COVID-19 - MELSTACORP PLC

1. The Impact of COVID 19- Pandemic On the Business Operations of the Listed Company.

Melstacorp PLC is essentially an investment company with diversified holdings in listed and unlisted companies spanning many industries. Therefore a significant portion of the revenue is comprised from the turnover of subsidiary companies notably DCSL PLC, Aitken Spence PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Lanka Bell Ltd , Continental Insurance Lanka Ltd, Periceyl (Pvt) Ltd. Given the diversity of Melstacorp PLC investments the topline revenue may still be sustainable at reasonable levels for the financial year 2020/2021 if normalcy in terms of the "Lockdown " is relaxed at least by end May. In regard to the Beverages sector which contributes significantly both to top line and bottom line revenue of the company and indeed significantly to the Governments revenue it is imperative that the present curtailment on the sale of liquor is normalized in the not too distant future. The Plantation sector however has been buoyant with both our subsidiary functioning normally and particularly with better prices being fetched at the Tea auctions. The leisure sector which is reflected in our investment in Aitken Spence PLC and Browns Beach Hotel PLC would however be adversely affected due to the present shut down of all hotels. Normalcy in terms of foreign Tourism is not expected to be restored for some time till the pandemic eases. Continental Insurance Lanka Ltd categorized in the financial sector is deemed to be an essential service and is functioning normally and is expected to have little impact due to the COVID 19 Pandemic. In the Telecommunications sector our subsidiary Lanka Bell would be affected by a decrease in the usage of "voice " particularly by the Corporate sector which is experiencing interruption in their normal business. This is mitigated to some extent in an increase usage of broad band services. Nevertheless topline



revenue is expected to be 5% lower till normalcy returns. A few of the other companies within the group functioned providing services to One such company was Belvantage Pvt Ltd which provided call center operations to its customers notwithstanding the lockdown by reorganizing work operations and getting many call center agents to work from home. The companies subsidiaries engaged in Health care ,notably Melsta Hospitals Ragama pvt Ltd and Melsta Healthcare Pvt Ltd which company's subsidiary manages Josepf Frazer Hospital maintained uninterrupted services to patients, and customers patronizing our Pharmacies. The Company also enjoys a healthy contribution in terms of dividend income from non-subsidiary listed companies. It is likely that the flow of dividends would be delayed due to many companies delaying to hold annual general meetings and thus a deferment in the declaration of dividends. Furthermore there may be a reduction in the quantum distributed as dividends on prudential grounds on account of the COVID 19 Pandemic.

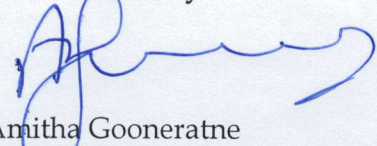
2. The Listed Companies Response to the COVID 19 Pandemic

The Company provided back up for the companies categorized as essential services notably for the two subsidiary plantation companies and for the companies engaged in the Health care Industry 'Melsta Hospitals Ragama (Pvt) Ltd', 'Melsta Healthcare (Pvt) Ltd.' and 'Melsta Laboratories (Pvt) Ltd.' to ensure the supply chain is not disrupted. The Company also made a donation of equipment amounting to Rs. 25 million to the Government to combat the deadly virus. The Company also saw to it that employees of the company were safe and not affected economically during the Lockdown period. Safety measures in all Melstacorp offices have been introduced to minimize and prevent the spread of infection in line with Government Health and safety regulations.

3. The Listed Companies Expectation of The Future Impact of COVID 19 on the Company's future Operations and the Financial Condition.

It is not possible to forecast as to when the Global Pandemic would be contained and eased. Locally we may be in a better position to contain the spread of infection and restore normalcy within span of a few months. We would be working towards getting the Beverage sector functioning normally as soon as possible which would cushion to a great extent adverse impact on the company's finances. This would be the priority. The Company would also focus on launching our presence in the health care sector in which great opportunity is seen. The plantation sector too would be nurtured as strong demand for Ceylon Tea is being evidenced.

Yours Faithfully



Amitha Gooneratne
Managing Director