

Lanka IOC PLC

Level 20, West Tower,
World Trade Center,
Echelon Square,
Colombo - 1, Sri Lanka.
Tel : +94-11-2475720 - (6 Lines)
Fax : +94-11-2391490
E-mail : info@lankaio.com
Website: www.lankaio.com



11th June 2020

Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre Echelon Square
Colombo 1

Dear Sir,

Disclosure regarding impact of COVID -19 – Lanka IOC PLC

We write with reference to the Circular No. 06-04-2020 dated 20th April 2020 and circular No. 04-05-2020 dated 9th May, 2020 issued by the Colombo Stock Exchange regarding the above to inform you about the status of Lanka IOC's operations through the ongoing COVID-19 pandemic situation.

We so highly appreciate the various measures as undertaken by the Govt. under the able leadership of our president for safety & well-being of all residents. We are privileged & feel so concerned for the drive under progress now to revive the economy in these challenging times.

Measures taken by Lanka IOC

Lanka IOC has taken all recommended measures to ensure the safety and good health of its employees, customers, dealers and all its other stakeholders during this unprecedented challenging time and continues to adhere to the guidelines issued by the Government and health authorities.

The Company being always committed towards its social responsibility has contributed Rs.5 million to COVID-19 Health Care and Social Security Fund and Rs.1 million for distribution of sanitizers through Ceylon Petroleum Storage Terminal Ltd (CPSTL). Company has also distributed food packets, mask during COVID-19 period and fertilizers to needy farmers, etc.

All staff of LIOC Head Office at Colombo was working from home since 20th March till 18th May 2020. In order to attend some critical issues at office, we worked with very limited number of employees having curfew passes.

As a supplier of essential goods, our Trincomalee Terminal including CPSTL locations and retail outlets were operating with limited no. of staffs even during the curfew period to maintain uninterrupted supply of fuels across the island.

Business Impact and Outlook:

In view of COVID-19 pandemic situation, our Auto fuel and Bunker fuel sales suffered considerably coupled with steep depreciation of Sri Lankan rupee during March 2020. During Jan-March quarter of Fiscal year 2019-20, company suffered a loss of Rs.346 million as against the profit of Rs.937 million during the corresponding period of FY 2018-19.

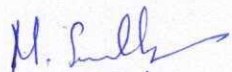
Due to the lock down in the country entire economic activities have been put on halt, traffic movement on the road was almost nil which affected retail sales. Our Auto fuel sales during April'20 were down by 65%. There has been substantial reduction in vessel movement impacting Bunker fuel sales at both Colombo and Trincomalee port. Lubricants and Bitumen sales volumes were also impacted drastically due to the shutdown of all industries and reduced vehicle movements.

The ultimate extent of the impact of the COVID-19 outbreak on our business, financial condition, liquidity, results of operations will depend on future developments, revival of overall economy, increase in product demand, changes in international oil prices, etc. which are very uncertain and cannot be predicted with confidence.

However, with the initiative and measures being taken by our Govt. for early revival of economy, we are very optimistic that situation will improve very soon. We are focusing on cost optimization, rebuilding operations, acceleration of digitalization, agility and rebuilding confidence in all stakeholders.

Any further material business decisions will be notified to shareholders, as relevant.

Yours faithfully,
for **Lanka IOC PLC**



Mihiri Senaratne
Company Secretary