

M&S Managers & Secretaries (Private) Limited

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Company Reg. No.: PV 5625

CS:ng

August 01, 2019

Ms. Nilupa Perera
Head of Trading
Market Surveillance & Corporate Affairs
Colombo Stock Exchange
World Trade Centre
Colombo 01

Dear Madam,

**MERCANTILE SHIPPING COMPANY PLC –PQ 148
ENFORCEMENT ACTION ON INDEPENDENT AUDITOR'S REPORT CONTAINING
AN EMPHASIS OF MATTER ON GOING CONCERN IN TERMS OF RULE 7.5 (d) (ii)**

We refer to captioned market announcement made on June 03, 2019, in terms of rule 7.5 (d) ii of the listing rules of the Colombo Stock Exchange. We the Company Secretaries, on behalf of M/s Mercantile Shipping (Company) PLC, wish to state that the Securities of the Company has been transferred to the Watch List by the Exchange on 13th September 2018 as the Audited Financial Statements of the Entity contain an emphasis of matter on going concern.

The Company wishes to state that;

- i) In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Company for such deviation;
- ii) In the event the matters giving rise to the emphasis of matter on going concern are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Company to the Watch List, the trading of Securities of the Company shall be suspended and, in the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules.
- iii) In the event the matters giving rise to the emphasis of matter on going concern are resolved, such fact is independently verified by an Auditor during the period the Securities of the Entity are on the Watch List, it shall be announced to the Market via the CSE forthwith.



Remedial action taken and time period

In view of the latest development which has been disclosed to the Colombo Stock Exchange on 24th July 2019, discussions are continuing with the External Auditors and the Bank accordingly.

By order of the Board
MERCANTILE SHIPPING (COMPANY) PLC
MANAGERS AND SECRETRIE (PRIVATE) LIMITED


Director/Secretaries