



LANKEM CEYLON PLC 212A 3/1, NAWALA ROAD,
P.O. BOX 919, RAJAGIRIYA, SRI LANKA.

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Company No. PQ 128

29th May 2020

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

Dear Sir,

Extension of Timelines for submission of Financial Statements and Enforcement Action

We refer to the Circulars dated 14th May 2020 and 10th April 2020 issued by the Colombo Stock Exchange (CSE) regarding the extensions granted towards the submission of Financial Statements, due to the disturbance caused to the financial accounting activities in the wake of COVID -19 outbreak.

Since our business operations were impacted by the curfew restrictions imposed by the Government of Sri Lanka as a measure to control the spread of COVID-19 pandemic, we are unable to submit the Q4 Interim Financial Statements for the period ended 31st March 2020 to the CSE on the due date currently specified in the Listing Rules. Nevertheless, the Group will submit the said financials within the extended timelines specified in the CSE circulars referred to above.

In the meantime, we wish to inform of the following:

- 1) Turnover of Lankem Ceylon PLC (the Company) for the 4th quarter and the year ended 31st March 2020 are Rs. 629Mn and Rs. 2.9Bn respectively. However, we are in the process of finalizing Group Turnover for the same period.
- 2) With all safety measures, we gradually started our production and distribution channels strictly under the guidelines issued by the Government of Sri Lanka. Steps have been taken to continue work from home with secured access to operating systems and reduce the number of employees in the workplace whose physical presence is not essential. However, our business operations were not eligible to receive fiscal and monetary concessions (debt moratorium reliefs) introduced by the Central Bank of Sri Lanka for COVID-19 hit businesses.
- 3) Our business operations, especially the paint division 'Robbialac' were significantly impacted by the curfew restrictions imposed during March and April as a measure to control the spread of COVID-19 pandemic. Consequently, our Manufacturing and Distribution activities came to a standstill for the last one and half months.

- 4) Our businesses encountered numerous other challenges. A steep depreciation of the Sri Lankan Rupee against the United States Dollar resulted in exchange losses and additional cash outlays for settlement of our import bills which fell due in March and April. On the other hand, we experienced supply chain disruptions as well due to considerable delays in clearing shipments from the port resulting in demurrages. We also encountered a large number of customer cheque returns resulting in delayed collection of debts thereby affecting the liquidity position of the Company.
- 5) Thus, we recommend that investors, who wish to trade, consider the prevailing business environment, the present global economic situation and market uncertainties.
- 6) We have informed our Board of Directors, Key Management Personnel, and other related parties who have access to unpublished price-sensitive information to take additional precautions in the event they intend to trade during the delayed period of information submission.

Yours faithfully
Lankem Ceylon PLC



Anushman Rajaratnam
Director