



UNION CHEMICALS LANKA PLC
Company Registration No. PQ 140



P.O. Box 1062, 4th Floor, Sarathi Building, 50, Hyde Park Corner, Colombo 2.
Tel : Marketing 2472921-3, Finance 2472924-5,
Fax : 2472926 E-mail : ucll@ucll.lk Website : www.ucll.lk

15th May 2020

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

Dear Sir

DISCLOSURE REGARDING IMPACT OF COVID-19.

We refer to the circular no. 06-04-2020 issued by the Colombo Stock Exchange on 20th April 2020 and wish to make the following disclosures with regard to the impact of the COVID-19 pandemic on Union Chemicals Lanka PLC:

1. The impact of COVID – 19 pandemic on the business/ operations of the Company

The Company owns and operate a Chemical Plant in Gampaha Distrct. With the spread of the virus on a global scale in mid-March 2020 and rightly the stringent measures taken by the Government including imposing curfew island wide, have compelled to temporary closure of Chemical Plant.

2. The Company's response to the impact of the COVID – 19 pandemic.

All operations that are ongoing are being carried out strictly under the guidelines issued by the government with the safety of our staff being paramount. Steps have been taken to ensure Head offices and Plant are sanitized and disinfected even during the period of closure.

The management has assessed the extent of the impact on the performance and cash flows of the company in the 2nd quarter of the financial year and taken several measures to cut operating costs and capital expenditure. Plans have been made to conduct operations after the curfew is lifted, with arrangements to permit only the staff whose physical presence is required to come to the workplace with others working from home on a roster basis, in keeping with the directives of the Government.

The Company is also in discussion with the lending institutions to avail ourselves of the relief measures that have been recommended by the Central Bank to support certain sectors which have been affected by the pandemic with moratoriums on the servicing of debt. This would relieve the Company of the cash constraints that would be borne during the next few months.

3. The Company's expectation of the future impact of COVID – 19 on the Company's future operations and financial conditions.

From initial estimates it is expected that the current situation would have a significant negative impact on the revenue and profits of the Company in the 2nd 3rd quarters of the financial year 2020, mainly due to the challenges faced by the construction sector. Nevertheless, the cost reduction methods being implemented,

the new ways of doing business and the support offered by lenders would help to mitigate the adverse impact on the profitability and cash flow of the Company.

Our efforts also extend to exploring measures to support local businesses and communities to the fullest extent possible, to survive the economic impacts of COVID-19. The global situation is extremely volatile at present and since the impact of the pandemic on the Company's business is closely linked to principals and suppliers in other countries, an estimate of the long term outlook may not be realistic at this stage. However, we will continue to monitor developments both locally and globally and take timely action to mitigate any risks to the financial stability of the Company.

We would be in a position to issue a further update when the situation is more stable and after operations commence with the lifting of the curfew.

Yours faithfully


Gamini Gunsekara
Managing Director