

05th May 2020

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

Dear Sir,

Market Disclosure on COVID-19 Impact – Ambeon Capital PLC

The impact -

Consequent to the COVID-19 outbreak, the Company and Group have taken appropriate precautions in order to ensure the safety and security of both its staff and its business interests, and all decisions relating to its businesses have been and are taken underlined by the aforesaid considerations.

The Global nature of the pandemic and the uncertain nature of the economy makes it almost impossible to predict the future of the business or its environs. The company has two broad areas of income generation, i.e. investments through its subsidiary Ambeon Holdings PLC and investments in capital markets/bonds.

Ambeon Holdings PLC is the largest and main subsidiary of Ambeon Capital PLC which is primarily a holding company. As part of the disclosure requirements, a separate disclosure has already been submitted in respect of Ambeon Holdings PLC, which disclosure would also form a key status update for this company as well. A copy of the said disclosure submitted in respect of Ambeon Holdings PLC has been annexed hereto for the sake of completeness.

With regard to bonds and the related capital market instruments, the current volatile nature of the economy is not conducive to accurate predictions. However, the results of the prior year (2019/20) on bond trading as a business, is expected to be close to plan. Nevertheless, as set out in the disclosure filed in respect thereof, given the subdued results of its subsidiary Ambeon Holdings PLC, the net results of the company are expected to fall below plan and projections.

Overall, it is expected that the company would experience a subdued performance in its results in respect of the financial year (2019/20) due to the impact of the Covid-19 pandemic on its subsidiary's performance during the final quarter performance. However, as set out in the disclosure filed on behalf of Ambeon Holdings PLC, a gradual improvement in performance is expected, subsequent to the 1st quarter of the current year. Overall, this quarter would remain low despite the expected positive results from capital markets.

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Ambeon Capital PLC

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BOARD OF DIRECTORS

Sanjeev Gardiner (Chairman), Ajith Devasurendra (Deputy Chairman), Murali Prakash (Group Managing Director/CEO), Priyantha Fernando, Harsha Samarasekara, Ranil Pathirana, Sarinda Unamboowe, Desamanya Deva Rodrigo

Our Response -

Better cashflows, reduced cost structures and possible debt reduction programs will continue to be the focus.

As means of creating a more sustainable business operation, as of now, all Board fees from this entity has been frozen until reviewed to be otherwise. The company has very little other expenditure and hence is able to manage its cash flows and costs better against reduced levels of income.

The subsidiary, Ambeon Holdings PLC has detailed its future response under a four-point program based on cash flow, cost efficiencies, customer focus and continuity. Group companies have already embarked on several new products and ventured into new markets in order to latch onto new opportunities. This is expected to afford the Group an improved resilience to face the current challenges whilst enabling penetration into hitherto unserved/underserved clients and markets.

Future expectations -

Although the current trend of reducing rates could have a positive impact on this area of business, the overall volatility of FOREX markets and continued global uncertainties could change these conditions overnight. The subsidiary, Ambeon Holdings PLC itself has a diverse portfolio including manufacturing, technology, financial services and real estate. The manufacturing sector is expected to have lower than average results during the 1st quarter while technology and financial services are expected to perform better.

We are constantly looking at avenues to expand capital market activities in order to negate the adverse conditions and their impact on investments. In addition, steps are being taken to increase coordination with subsidiaries in order to review and enhance performance and implement corrective measures.

Once the environment becomes conducive to doing so, the Company shall continue its quest to look for ways and means of broadbasing its ownership. We are also continuously looking at adding value into capital market areas and ramping up results to negate any reduced performance from traditional business investments.

The Company greatly values, and is immensely thankful for the work being done by the Sri Lankan Government to navigate this unprecedented crisis. Our Group will continue to be responsible corporate citizens and will adhere, at all times, to the guidance provided by the Government authorities in order to overcome the challenges posed by the Covid-19 pandemic.

Thank you,

Yours faithfully,



Murali Prakash
Group Managing Director / CEO
Ambeon Capital PLC

Annex.