



Aitken Spence PLC

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Reg. No. PQ 120

24th April 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 Aitken Spence PLC and the Group:

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

The Group has operations in sixteen segments under four main sectors in Sri Lanka and overseas. The impact of the pandemic on the different segments has been varied. With the spread of the virus on a global scale in mid-March 2020 and the stringent measures taken by the Government of Sri Lanka to contain the spread in the country together with the closure of the airport, the Group's tourism sector has been severely impeded. Further, with the rapid spread of the pandemic in our generating markets, our inbound travel segment which has been responsible for bringing in the largest share of tourists to the country over several years has been compelled to temporarily cease operations. The Group's hotels in Sri Lanka, Maldives and Oman also have been temporarily closed, while very limited operations are taking place in the hotel in India.

Most of the segments in the Maritime and Freight Logistics sector are operating on a reduced scale as essential services in the supply chain, while the port management operations in Fiji and Mozambique are also continuing to function. In the Strategic Investments sector the Power Generation segment is continuing to operate on a 24-hour basis supplying power to the national grid. The construction of the Waste to Energy Plant which was nearing completion has been delayed due pending the arrival of some of the contractor's technical experts from overseas for the testing phase. Our Plantations segment is in operation as permitted by the Government albeit with some restrictions. The Garments segment has been severely constrained with the cancellation of orders by major buyers from the US, and with very few orders being received for the next season. The Printing segment is operating on a limited scale fulfilling orders of packaging for the FMCG and tea industries. In the Services sector the insurance segment and the Money transfer segment are continuing operations, while the Elevator segment has temporarily ceased work on new installations and is carrying out maintenance work only if required.

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 offices, factories and business establishments are sanitized and disinfected even during the period of closure. Due to the Group's continuous investments in technology most of the staff in all sectors whose physical presence is not required in the workplace are able to work from home with secured access to operating systems in almost all of our sectors.

The management has assessed the extent of the impact on the performance and cashflows of the company in the 1st quarter of the financial year and taken several measures to cut costs including voluntary salary reductions across all sectors commencing with the Board of Directors and the leadership team and applied on a sliding scale to all grades of employees. Plans have been made to conduct operations in all sectors other than the hotels 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 Group is also in discussion with the several 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 Group of the cash constraints that would be borne during the next few months.

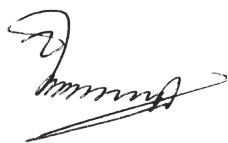
3. The Company's expectation of the future impact of COVID – 19 on the Company's future operations and financial conditions.

From initial estimates it is expected that the current situation would have a significant negative impact on the revenue and profits of the Group in the 1st and 2nd quarters of the financial year 2020/21, mainly due to the challenges faced by the tourism 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 cashflow of the Group.

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 Group's business is closely linked to customers, 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 Group.

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
AITKEN SPENCE PLC



Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director