



Three Acre Farms PLC

(A Member of CGE Group)

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Co. Reg. No. PQ 195

22.05.2020

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

Dear Sir,

IMPACT OF COVID-19 PANDEMIC ON THREE ACRE FARMS PLC AND ITS SUBSIDIARIES

Once the World Health Organization declared COVID-19 as a Pandemic on 11 March 2020, the Government of Sri Lanka declared a quarantine curfew/ lockdown from 19 March 2020.

As requested by the Colombo Stock Exchange, we make the following disclosure:

Impact of COVID-19 pandemic on the business operations of Three Acre Farms PLC.

Overall Impact

Our company and its subsidiaries at this point are experiencing a certain level of business disruption owing to the COVID-19 pandemic, either directly or indirectly. Since the exact scale of the risk of the coronavirus outbreak is uncertain, the impact on the financial year 2020 cannot be ascertained at this point of time.

With the downturn in most of the economic activities caused by the COVID-19 pandemic, we noticed a sharp decline in revenue due to discouraged inputs by farmers, which in turn, affected the prices of Day Old Chicks (DOCs). Also, the Company lost considerable export revenue from regional countries due to the cancellation of flights to our export destinations and a global lockdown which potentially affected our profitability. This caused us to scale down our operations below our normal capacity.

Funding, Liquidity and Business Continuity

The Group has strong cash position and availability of banking facilities, hence the Group is satisfied of the ability of continuing its operations even under an extreme case scenario.

Assets and Impairment provisioning

The Group evaluated the financial position and tested for any material impairment. The Group is satisfied that there is no any material impairment which could have an impact on financial statements.

Internal operations

Since our business is classified as an essential service (food and beverages) category, we were able to continue production notwithstanding many practical challenges. The Group established suitable working arrangements and safe transportation conditions for employees ensuring all health and safety guidelines.

Supply chain

The sourcing of grandparent and parent chicks at the right price and quantity was hindered due to the measures taken by the Government to limit the movement of goods.

Human Capital

Protective measures are implemented to ensure health and safeties of our customer and staff, as well as measures to reduce the spread of the virus were put in place as a responsible corporate citizen.

Our response to the impact of COVID-19 Pandemic.

Our Company has therefore taken appropriate measures to continue production despite the challenges and limitations we are facing and paying utmost priority to the health and safety of our staff. These actions include:

- Controlling the budgets,
- Initiating cost savings,
- Re-prioritizing production with available staff,
- increasing safety stock levels, and
- Maintaining regular contacts with customers.

Once curfew is relaxed and the economic activities of the country are revived, we are confident that our sales and profitability will be improved.

Future impact of COVID-19 on the Company's ongoing operations and the financial condition.

The overall impact of this pandemic on the Sri Lankan and global economy cannot be forecast at present. Meanwhile, the lockdown is continuing and the recovery period of key industries is uncertain. Several other new risks also emerging including an increase in exchange rate volatility, foreign currency unavailability, and prevailing import restrictions. As such, the overall future impact on the operations is not immediately predictable.

Once the country has returned to normalcy, we will be able to continue our operations and resume production in full capacity. Going by our past relationships, we are confident our customers and suppliers would be in a position to continue their business with us. Hence our prospects look promising.

Our brand name and consistent quality will ensure future sales. We are therefore confident about the on-going nature of our Company owing to our strong liquidity and financial position.

Communication with Directors and key management personnel who have access to unpublished price sensitive information

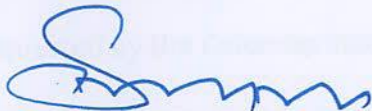
We are also happy to announce that the Board has declared a dividend of Rs.5.50 per share for the year ended 31 December 2019, on 11 May 2020. Further, the Group has taken all the necessary precautions to prevent any insider dealings.

Submission of Interim Financial Statements for the first quarter ended 31 March 2020

Further, according to CSE Circular No. 03-04-2020 dated 10 April 2020, it has granted an extension period up to 4 August 2020 for the submission of Interim Financial Statements for the first quarter ended 31 March 2020. Adhering to this guidelines, we wish to inform you that we will submit our Interim Financial Statement within the given timeframe.

Yours faithfully,

Three Acre Farms PLC



Wickrema Senaka Weerasooria
Non-Executive Independent Chairman