

Vallibel | ONE

12th June 2020

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
Colombo 1

Dear Sir,

VALLIBEL ONE PLC - DISCLOSURE REGARDING IMPACT OF COVID-19

We write with reference to the Circular dated 20th April 2020 (Circular No:06-04-2020) issued by the Colombo Stock Exchange and set out hereunder the several particulars as are required.

1. Overall Impact

The Group experienced an immediate but short-term interruption to its operations which affected its cash flow during the lockdown period, which period is generally considered to be the traditional peak period for sales in several of our key sectors. In those circumstances, we expect a drop in profits which is primarily driven by the limited operation that many of the companies had to undergo during the period of the lockdown.

2. Funding and Liquidity

Being a holding company with diversified investments, the Group is nonetheless confident of its liquidity position and is confident of managing the operations with the minimum of strain on the cash flows. This is particularly by reason of the fact that the Group as well as its subsidiaries are well- structured with adequate capital and also by reason of the fact that the Group does not envisage a significant impact on its funding lines. In particular, all subsidiaries are capable of operating and have access to adequate financial facilities in order to augment its working capital requirements where necessary.

3. Impact on Assets

The outbreak of COVID-19 will have a minimum impact on our assets in the balance sheet and we do not expect a significant change to the judgements in determining the fair value. The Management expects to publish the Interim Financial Statements for the quarter ended, 31st March 2020, and the Annual Report of 2019/20 within the extended time period granted by the CSE.

4. Impairment Provisioning

We do not foresee a requirement to impair the intangible assets, goodwill, right of use assets, debtors and other assets of the Group by reason of the several measures as were taken across the Group to cope with the exigencies posed by the Covid0-19 pandemic.

5. Impact on Internal Operations

The Group immediately adopted a lean and focused approach as regards its operations and paid particular attention to the cost structure in order to meet the challenges as posed by the pandemic. Technology was used in order to maximise the continuity of work from home.

While there have been significant setbacks in achieving some of our budgeted profitability in some of the companies, due in particular by reason of the travel embargoes as a result of the, closure of the airports and the port as well as the limited mobility within the country we, the Group is confident that it would be able to work towards a position similar to that as was expected pre- lockdown with the country gradually removing towards normal commercial operations.

6. Business Continuity

The Management implemented business continuity plans and efficiency improvements proactively across the Group and conducted all its Board and Management meetings by using online platforms. The flexibility, resilience and commitment of the workforce in adapting to the changes was commendable which enabled the Group to face the challenges with minimum effort.

7. Impact on Supply Chain Management

The Management expects the business to return to normalcy in the medium- term and the Management would continue to look at new initiatives in order improve the manner of doing business.

8. Impact on Human Capital

Our 14,000+ employees across the Group have not been adversely affected by reason of the Group's comprehensive operational strategies which ensured job security.

9. Our response to the impact of the COVID-19 pandemic

The Group immediately adopted, as and where necessary, the measures to ensure the safety of the employees, customers and stakeholders adhering to the guidelines issued by the Government Health Authorities.

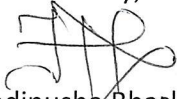
The Management responded to the challenge in the short term by managing the working capital effectively. In order to manage the cash flow, the Group focused on restructuring debt repayments, put on hold all additional expenses, including recruitments increments, new

capital projects and refurbishments. The Group also curtailed advertising as well as, recurrent and capital expenditure in order to manage its liquidity more effectively.

10. Expectation of the future impact of COVID-19 on the company's future operations and the financial condition

The Management is confident that the Group has the resources and Management capability to withstand even in the long- term and will continue to focus on the above parameters in the hope that normal operations could re-commence with the lockdown across the country now being eased.

Yours faithfully,



Yogadinusha Bhaskaran
Chief Executive Officer
Vallibel One PLC