



BY HAND AND REGISTERED POST

11th March 2014

Ref: SEC/LEG/14/03/39

To: Chairman and Board of Directors of Touchwood Investments PLC

Re: Directive issued under Section 13(cc) in terms of Sections 13(p) in furtherance of Section 12(b) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended).

The Securities and Exchange Commission of Sri Lanka (SEC) at its 332nd meeting held on 11th March 2014 decided to issue a directive to extend the operational clauses of the directive bearing reference SEC/LEG/13/09/11 in order to continue to protect the interest of investors in the aftermath of the findings of the investigation carried out by the SEC on Touchwood Investments PLC.

The Commission deliberated *inter alia* on the findings of the investigation report and took into consideration the following matters that may have serious consequences for the investors of Touchwood Investments PLC;

1. The SEC served notice of action to the Company, and its directors who were serving on the Board of Directors of the Company at the time of the Commission of the alleged offences committed against Section 51(1) (a) and (b) of the Securities and Exchange Commission of Sri Lanka Act No.36 of 1987 (as amended) (SEC Act).
2. The Colombo Stock Exchange transferred the securities of Touchwood Investments PLC to the default board on 21st November 2013 for non submission of interim financial statements for the quarter ended 30th September 2013.
3. The winding up application No. H.C (Civil) 31/13/CO filed in the Commercial High Court of the Western Province, the Company sought to be wound up defaulted on the payments to the creditors agreed in Court to settle by 28th February 2014. In lieu of the default payments the Petitioner Informed Courts of its intention to proceed with the appointment of a liquidator.

Therefore the SEC in considering the potential risk posed to the investors in light of the seriousness of the offences and the circumstances of the winding up application decided to issue the following directive in order to protect the interest of investors till further notice.

Therefore Touchwood Investments PLC is hereby directed;

1. To desist from acquiring, transferring, disposing, pledging, hiring, mortgaging, leasing, creating a charge over or otherwise alienating any non-current assets depicted in the balance sheet of the Company without the prior approval of the SEC;



2. To desist in any manner from destroying, concealing, altering, removing, amending or cause to be destroyed, concealed, altered, amended or removed any information that is in the records or books of the Company maintained in the ordinary course of business;

This directive is effective from the date hereof and the Company, the Board of Directors and Management or any agents of Touchwood Investments PLC is hereby directed to ensure the strict compliance with this directive until further notice.

The directive bearing reference SEC/LEG/13/09/11 issued on 9th September 2013 stands rescinded from the date hereof.

Dhammika Perera

Deputy Director General/ Officer-in-Charge

CC: Mr. Rajeeva Bandaranayake, Chief Executive Officer – Colombo Stock Exchange
Mr. L.W Kiwilegedera
Mr. J.G.S Maloney
Mr.M.I.U Peiris
Mr. A.M.D Bandaranayake