

CIPLA QUALITY CHEMICAL INDUSTRIES LIMITED

CAUTIONARY ANNOUNCEMENT

This announcement is made by Cipla Quality Chemical Industries Limited (the "Company") pursuant to Rules 38 and 40 of the Uganda Securities Exchange Listing Rules.

The Board of Directors wishes to inform shareholders of the Company and potential investors that based on the preliminary review of the Company's unaudited interim financial statements for the six month period **1st April 2019 - 30th September 2019**, it is expected that the Company will record a loss as compared to a profit for the same period in 2018.

This is principally due to:

1. Impact of lower sales revenue, change in product mix and increased pressure on margins due to competitive conditions; and
2. Challenges regarding the collection of certain key overdue receivables, resulting in an increase in the expected credit loss and increase in associated interest costs.

The Company is in the process of addressing these issues before the end of the current financial year and anticipates a significant recovery in sales and a return to profitability in the 2nd half of the financial year.

The actual financial results of the Company for the year ended 31st March 2020 may differ from the information contained in this announcement.

By order of the Board
CIPLA QUALITY CHEMICAL INDUSTRIES LIMITED


COMPANY SECRETARY