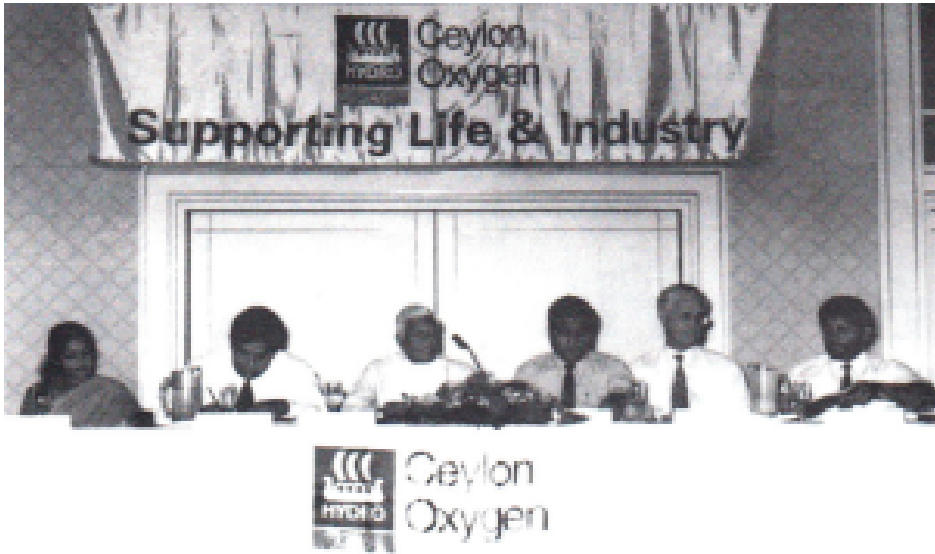


COL announces Rights Issue



Ceylon Oxygen Limited (COL) announced a one for two Rights Issue priced at Rs 60 per share, to raise Rs 180 million for its planned investment in a Rs 450 million Air Separation Plant. The balance financing for this expansion will be through a Rs 150 million NORAD loan and the remaining Rs 120 million is hoped to be financed through local merchant and development banks.

The new Air Separation Plant is expected to be operational by the first quarter of 1998. This investment is also expected to reduce operational costs between 10%-15% in Oxygen and Nitrogen products. The Air Separation Plant is the most important piece of equipment in the manufacturing process of Oxygen and Nitrogen gases.

Cosmodyne of USA will be supplying COL with this new Air Separation Plant.

60% of COL is owned by Norsk Hydro a.s. Norway and 20% by institutional investors. The parent company is underwriting 40% of the Rights Issue at a fee of 2%, "a Rights Issue essentially ensures that the money raised through the shareholders is ploughed back into the company. Money that is being raised through this Issue (Rs180 Million) will go towards the new Air Separation Plant. Norsk Hydro is coming in with the underwriting, taking a financial risk, in order to see that the project is properly financed", says Mano Tittawala, Chief Executive Officer of Lanka Securities (Pvt) Ltd., the Managers to the Issue.