sunshine

Bringing good things to life

HOMEGROWN

with purpose and passion

ANNUAL REPORT 2024/25

Homegrown, with purpose and passion

Built on a conviction that business can and, indeed, must serve a purpose greater than itself, Sunshine Holdings PLC, over the past five decades, has been powered not just by entrepreneurial instinct but an enduring passion to uplift entire communities. Being a fully homegrown enterprise, Sunshine has always sought to shape a more inclusive, resilient national economy, with every strategic decision ever made guided by a foundational belief that our success as a business is inherently inseparable from the well-being of the millions that call Sri Lanka home.

During the period covered by this Integrated Report, Sunshine's story was one of resilience and strategic clarity, as the Group navigated a post-crisis landscape with the same cautious optimism that has now come to mark the country's slow but steady development trajectory. In 2024/25, Sunshine delivered solid performances across its three main verticals of Healthcare, Consumer Goods, and Agribusiness, driven by a renewed commitment to operational efficiency together with disciplined cost management and market expansion strategies.

At Sunshine, we are great believers in Sri Lankan ingenuity and our nation's capacity to endure. As we enter a new financial year, we remain thoroughly anchored in the country's economic potential, come what may. With a sharper focus on ESG and growing investments in sustainable business practices and innovation-led growth, the Group is setting out to play a prominent, catalytic role in shaping the economy's future as it moves ahead on a resolutely firmer structural footing in the wake of the crisis. Being a growing concern whose growth agenda is intrinsically tied to the country's own, we remain confident of our ability to deliver a sustainable future for all our valued stakeholders.

sunshine
Bringing good things to life

CONTENTS

Sunshine Holdings PLC presents this Annual Report in PDF and HTML formats as part of a Group-wide initiative to go fully digital. Minimising the use of paper is integral to our commitment to sustainability; therefore, there will be no print edition this year

URL: https://sunshineholdings2024-25.annualreports.lk/

Explore the interactive features within this PDF for a more engaging experience.

Start Cover Page | Previous Page | Next Page | Last view Previous View | Contents Page | End Back Cover

ABOUT US

Annual Report of the Board of Directors on the affairs of the Company

The Directors are pleased to present this 52nd Annual Report of your Company together with the Audited Financial Statements of Sunshine Holdings PLC (the "Company"), and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2025 and the Independent Auditors' Report on page 112 conforming to all relevant statutory requirements.

The details set out herein provide information required by Section 168 of the Companies Act No. 07 of 2007 ('Companies Act') to be set out in the Annual Report of the Board of Directors on the Affairs of the Company and are guided by the Code of Best Practice on Corporate Governance 2023.

Review of business

[Section 168 (1) (a)]

The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.

– Vision, Mission and Corporate Conduct

The Company's vision and mission are provided on page 12. The Company's business activities have been carried out within the framework of the vision and mission statement, which reflects our commitment to the highest ethical standards and integrity as set out in the Code of Business Conduct and Ethics, and in conformity with the corporate culture and the values of the Company stated on page 12 of this Report.

– Principal business activities

The Principal activities of the Group are categorised into different business sectors. i.e. Healthcare, Agriculture, Consumer, 11 and others. The main activities of the sectors are described in the Portfolio Review pages on 13 to 16 of this Report.

There were no material changes in the nature of the business of the Company and the Group during the financial year. The Directors to the best of their knowledge and belief, confirm that the Company and the Group has not engaged in any activity that contravene laws and regulations.

– Group structure

The details of the Group structure have been given on page 127 of this Annual Report.

– Review of operations of the Company and the Group

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Reflection from the Chairman (pages 18 to 19) and portfolio review (pages 13 to 16) of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period.

– Future developments

An overview of the future developments of the Company is presented in the Message from Board of Directors (pages 65 to 76) Reflections from our Group Chief Executive Officer (pages 20 to 21) and Performance and Value Creation (pages 31 to 66).

Financial statements

[Section 168 (1) (b)]

Completed and signed Financial Statements of the Company and the Group.

The Financial Statements of the Company and the Group for the year ended 31 March 2025 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and were duly certified by the Group Chief Financial Officer (the person responsible for the preparation of the financial statements) and were approved by two members of the Board as appearing on page 117. form an integral part of this Report.

– Directors' responsibility for financial reporting

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act, the Board of Directors is responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Company and the Group. In this regard, the Board of Directors wishes to confirm that the Consolidated Financial Statements appearing on pages 117 to 235 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act. There were no changes to the accounting policies adopted in the previous year for the Company and the Group, other than those stated.

The Financial Statements of the Company and the Group for the year ended 31 March 2025, including comparatives for 2023/24, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2025. The appropriate number of copies of the Annual Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

External auditors and their independence

[Section 168 (1) (c)(i) and (j)]

Auditors report on Financial Statements of the Company with a separate disclosure on amounts payable by the Company to Auditors as audit fees and fees for other services rendered during the accounting period and Auditors' relationship or any interest with the Company.

The External Auditors, Messrs KPMG, who were appointed in accordance with a resolution passed at the 51 AGM, have expressed their opinion on pages 112 to 116 Details of their remuneration are given in Note 12 on page 142 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any other relationship or any interest in contracts with the Company or the Group.

Board of directors

[Sections 168 (1) (e), (f), (h)]

The Directors of the Company, as at 31 March 2025, and their brief profiles are given on page 24. The names of all the Directors who held office anytime during the reporting year are given on page 80. The names of Directors who will retire and those who will seek reappointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of Meeting on page 243.

– Appraisal of Board performance

The method used to appraise the performance of the Board of Directors is presented in the "Corporate Governance" section on page 79 and Performance Evaluations were obtained from the Board.

– Directors' interests in contracts and proposed contracts

Except as stated in Note 41.1 to the Financial Statements, during and at the end of the financial year 2024/25, none of the Directors were directly or indirectly interested in contracts or proposed contracts connected with the Company or the Group's business.

– Directors' shareholdings

Information of other directorships/significant positions of the present Directors of the Company are given in their profiles presented on page 24 .

– Directors' interests and the Interests Register

The relevant interests of each Director in the share capital of the Company have been notified by the Directors to the CSE in accordance with Section 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act. This Annual Report also contains particulars of entries made in the Interests Registers of subsidiaries which are public companies or private companies that have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act.

Particulars of entries in the Interests Register include interests in contracts. The Directors have all made a general disclosure to the Board as required by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director.

– Loans to Directors

The Company has not granted any loans to the Directors.

– Remuneration to Directors

The details of Directors' fees and Directors' emoluments paid during the year are given on page 227.

– Directors' meetings

Details of Directors' meetings are presented on page 81.

Donations and CSR

[Section 168 (1) (g)]

During the year under review, the Company made donations amounting to Rs. 11.2 Mn. (2024 – Rs. 10.2 Mn.) in terms of the Resolution passed at the last Annual General Meeting. The Corporate Social Responsibility initiatives of the Company are presented in 'Social and Relationship Capital' on page 75.

Corporate Governance

[Code of Best Practice D.1, D.1.1, D.1.4, D.4], [G.1, G.2, G.3]

The Board of Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, the Board has provided the necessary resources and installed appropriate processes and procedures in compliance with the relevant codes of best practice issued by the regulatory and professional bodies. The Board has ensured that the Company complied with the Code of Best Practice on Corporate Governance (2023). The measures taken in this regard and information to fulfil disclosure requirements of the above code, Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') are set out on pages 92 to 95 of this Annual Report.

Further, the Directors declare that:

- The Company has not engaged in any activity which contravenes laws and regulations.
- All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment of shareholders.
- The business is a going concern.
- A review, of internal controls covering Financial, Operational and Compliance Controls and Risk Management, has been conducted and the Directors have obtained reasonable assurance of their effectiveness and successful adherence.

Internet of things

Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management. Related information is set out in the Corporate Governance Section on page 89.

Dividend

The Directors recommend that a final cash dividend of Rs. 1,180.7 Mn. equivalent to Rs. 0.60 per ordinary share (post the split of ordinary shares) and Interim dividend of Rs. 737.9 Mn. equivalent to Rs. 1.50 per ordinary share (pre-split of ordinary share) for the financial year 2024/25 (FY 2023/24 Rs. 1,475.9 Mn., equivalent to Rs. 3.00 per ordinary share) be paid to those on the register of shareholders at the close of business on the ex-dividend date. Prior to recommending the dividend and in accordance with Sections 56 (2) and (3) of the Companies Act, the Board signed a certificate stating that, in their opinion, based on available information, the Company will satisfy the solvency test immediately after the distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act. Shareholder approval will be sought on the day of the AGM to declare and pay the final dividend as recommended.

Statutory payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments to the Government, other regulatory institutions, and related to employees have been made on time or have been provided for.

Going concern basis

The Board of Directors reviewed the business plans of the Company and the Group and is satisfied with the adequacy of resources to continue operations in the foreseeable future. Accordingly, the Financial Statements of the Company and the Group have been prepared on a going concern basis.

Related party transactions

The Company's transactions with related parties in respect of the Company and the Group, for the financial year ended 31 March 2025, are given in Note 41.2 to the Financial Statements on page 228 of the Annual Report and have complied with Rule 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

Internal control

The Board, through the involvement of the Group Executive Committee, takes steps to gain assurances on the effectiveness of control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations, and established policies and procedures of the Group. The Board has direct access to the Chairman of the Audit Committee. This Committee reviews reports of the Internal Auditors too.

Compliance with laws and regulations

The Company has not engaged in any activity which is harmful to the environment and society. The Company has complied with statutory requirements and law of Sri Lanka in in carring out business operations.

Sustainability

The Group pursues its business goals under a stakeholder model of business governance. As per this model, the Group has taken specific steps, particularly in ensuring the conservation of its natural resources and the environment as well as addressing material issues highlighted by stakeholders.

Employment

The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability.

Annual general meeting

The Annual General Meeting will be held at Sunshine Holdings PLC via audio and visual technology, on 27 June 2025 at 09.00 a.m. The Notice of the Meeting relating to the 52nd Annual General Meeting is given on page 243.

Acknowledgement of the contents of the report

[Section 168 (1) (k)]

The Board of Directors do hereby acknowledge the contents of this Annual Report.

S Sathasivam
Executive Director/
Group Chief Executive Officer

Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

Corporate Services (Private) Limited
Secretaries and Registrars
28 May 2025

ABOUT THE REPORT

This integrated annual report covers the operations of Sunshine Holdings PLC and its three core verticals, nine business units and various partnerships – collectively referred to as the Group – based in Colombo, Sri Lanka, for the period of 1 April 2024 to 31 March 2025.

The report seeks to present a cohesive narrative of the Group's performance, its business model, governance structure and other factors along with its future outlook. In close adherence to the International Framework of the IFRS Foundation and alignment with the Global Reporting Initiative (GRI) Standards, the report reflects our commitment to transparency, accountability, and long-term value creation as a diversified conglomerate.

This document consolidates the activities of Sunshine and all its subsidiaries across Healthcare, Consumer Goods, Agribusiness, and other investment segments, providing a balanced account of both financial and non-financial performance, drawing from audited financial statements, Board-level insights, internal reviews, and stakeholder engagements, offering retrospective analysis, with some forward-looking context.

At Sunshine, we view integrated reporting not as a compliance tool but as a way to explain how we convert multiple capital inputs – financial, manufactured, intellectual, human, social, and natural – into sustained stakeholder value. Our disclosure framework reflects the integrated thinking embedded across the Group.

In 2024-25, we continued to align our reporting architecture with global disclosure standards, particularly in anticipation of future listing-readiness milestones. Our internal reporting systems, ESG frameworks, and strategic communication platforms have evolved to support greater depth, consistency, and assurance in our disclosures. This report also supports our broader S1 and S2 transformation journey, reinforcing the role of integrated thinking in strategy execution, capital allocation and long-term value creation.

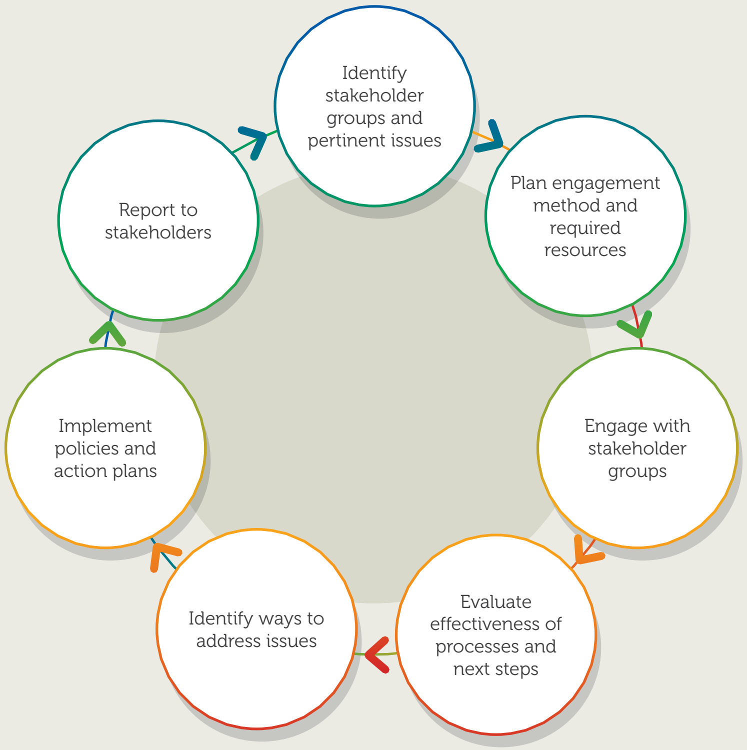
The preparation of this report was a cross-functional exercise, drawing on inputs from every segment and function. This collaborative approach ensures that the insights shared reflect the realities of execution across the Group and align with our roadmap for sustainability, operational resilience and governance reform.

Stakeholder analysis and engagement

Our stakeholders include individuals and groups whose lives, interests, or activities are affected by our operations. Their insights and expectations significantly influence how we shape strategy, manage risk and deliver value.

Every touchpoint across Sunshine Holdings is an opportunity for engagement, whether with customers, employees, suppliers, regulators, or shareholders. This decentralised approach empowers employees at all levels to build trust, surface new opportunities, and strengthen the Group's long-term relevance.

Through structured and informal engagement, we aim to understand stakeholder priorities and balance the equitable distribution of the value we create. These interactions not only guide strategic alignment but also drive innovation, responsiveness and resilience.



Key stakeholders	Method	Frequency	Material issues/concerns
Investors	• Investor forums • Annual Report • Annual General Meeting • Extraordinary General Meeting • Press releases	• Quarterly • Biannually • Annually	• Operational viability and returns • Ethical and responsible corporate conduct • Timely disclosures
Employees	• Staff meetings • Performance reviews • Training • Staff circulars • Newsletters • Employee surveys • Awards • Networking events • Intranet	• Daily • Monthly • Quarterly • Biannually • Annually	• Fair labour practices • Industry competitive compensation and benefits • Skills development • Career development
Customers	• One-to-one meetings • Correspondence • Direct marketing • Advertising on print and electronic media • Official website • Brochures and leaflets • Press releases	• Regularly	• Quality and standards of products and services • Product information • Customer service • Ethical business practices
Statutory and regulatory bodies	• Meetings • Correspondence • Filing disclosures • Audits	• Regularly	• Compliance with statutory and regulatory requirements • Uphold good governance and effective risk management practices
Business partners	• Meetings • Correspondence • Site visits • Conferences • Workshops • Roadshows • Training • Annual Report	• Regularly	• Corporate reputation and standing • Financial performance • Ethical business practices • Risk management
Society	• Sponsorships • National Campaigns • Awareness programmes • Discussions with policy makers, community leaders and not-for-profit organisations • Community projects	• As and when required	• Creating business opportunities • Employment • Philanthropy • Environmental best practices • Policy advocacy

Materiality

Our value creation strategy is rooted in understanding and responding to what matters most, to our stakeholders as well as to the sustainability of our business. Material topics are identified based on their potential to influence Sunshine's capacity to generate value in the short, medium and long terms.

Each topic is assessed for relevance, impact and likelihood of occurrence and categorised as a risk, opportunity, or both. This materiality analysis underpins the four strategic imperatives outlined in the Strategy section of this report, providing the foundation for our corporate priorities and resource allocation.

Management approach

Material topics are managed through our strategic planning process and owned by relevant business heads. They are integrated into Key Performance Indicators (KPIs) and reviewed regularly to ensure effective execution.

Governance frameworks, including Board-endorsed policies and internal controls, ensure that material issues are addressed with integrity, transparency and accountability. These policies are updated periodically to reflect evolving expectations and environmental dynamics.

Grievance mechanisms are in place, with divisional leadership responsible for resolution. Regular internal and external audits verify compliance, with findings escalated to the Board or management committees for corrective action.

ABOUT SUNSHINE HOLDINGS

Sunshine Holdings PLC is a diversified conglomerate based in Colombo, Sri Lanka, with a proud homegrown legacy spanning well over five decades. Listed on the Colombo Stock Exchange (CSE), the Group operates across Healthcare, Agribusiness, and Consumer Goods – sectors that are at the heart of the island nation's increasingly vibrant economy. Having secured leadership positions in the market in pharmaceutical distribution, sustainable palm oil cultivation, dairy production, and branded tea exports, Sunshine continues to deliver value to customers, partners, and shareholders alike, to say nothing of the mutually rewarding relationships the Group has cultivated with various stakeholder groups over the years.

Driven by a philosophy of sustainable value creation and long-term resilience, Sunshine's growth agenda reflects a sharp focus on operational excellence, a tradition of sound governance, and a commitment to impact beyond profit. It is this very attitude that anchors our businesses which have come to contribute meaningfully to Sri Lanka's broader development agenda.

Vision

To be the most admired conglomerate in Sri Lanka

Mission

Growing our enterprises to be industry leaders

Values

Integrity
Do the right thing

Trust
Walk the talk

Innovation
Think out of the box

Perseverance
Never give up

Responsibility
Accountable to all stakeholders

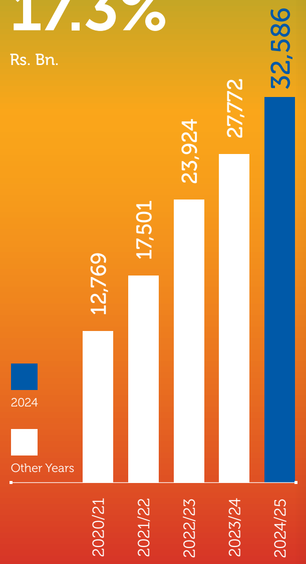
GROUP BUSINESS PORTFOLIO

Healthcare

Change

17.3%

Rs. Bn.



Performance highlights during 2024-25

Revenue improved by **17.3%** YoY to **Rs. 32.6 Bn.**

Contribution to Group revenue **55%**

Sunshine Healthcare Lanka Ltd. and its subsidiaries

With an impressive track record of partnerships and a deep-rooted presence in Sri Lanka's health sector, Sunshine Healthcare provides end-to-end solutions across pharmaceuticals, medical devices, retail pharmacy, distribution and manufacturing. Our businesses operate with a shared mission to enhance access, affordability and quality of care across the island.

Outlook for 2025-26 and beyond

We are looking to deepen our market presence in this segment through portfolio expansion, retail network growth, and greater vertical integration, staying committed to accessibility, regulatory alignment and sustainable scale.

Business Partners

3M, Johnson & Johnson, Abbott, novo nordisk, SIEMENS, glenmark, Erba, GE Healthcare, GALDERMA, SOHO, Zydus Cadila

Consumer Goods

Performance highlights during 2024-25

Revenue improved by **-3%** YoY to **Rs. 18.7 Bn.**

Contribution to Group revenue **31.6%**

Sunshine Consumer Lanka Ltd. and its subsidiaries

Sunshine Consumer Lanka owns the largest branded tea company in Sri Lanka, with our domestic tea brands being household names and leading multiple market segments, while our export division continues to grow globally as a leading supplier of high-quality Ceylon tea. Our confectionary segment also dominates the local market in the hard-boiled candies category, along with several other product lines.

Brand

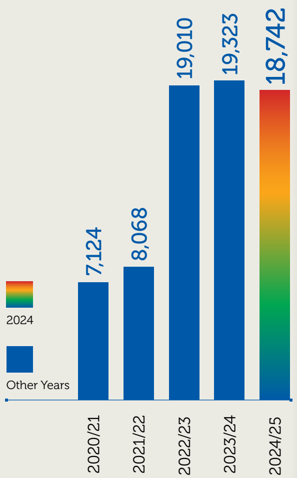
Outlook for 2025-26 and beyond

The Consumer Goods segment seeks to focus on expanding export markets, strengthening brand equity and deepening its footprint across emerging domestic channels.

Change

-3%

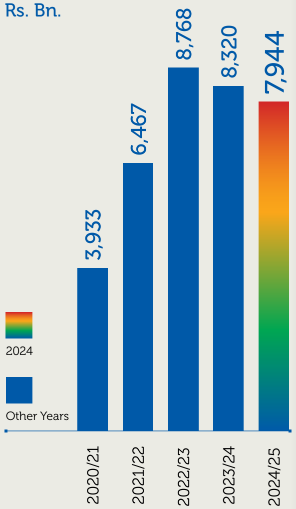
Rs. Bn.



Change

-4.5%

Rs. Bn.



Agribusiness

Performance highlights during 2024-25

Revenue improved by **-4.5%** YoY to **Rs. 7.9 Bn.**

Contribution to Group revenue **13.4%**

Watawala Plantations PLC and its subsidiaries

Our Agribusiness sector encompasses operations spanning cultivation, processing and dairy farming. Our palm oil business, the largest in the segment, continues to lead in sustainable production, being South Asia's first RSPO-certified operation.

Outlook for 2025-26 and beyond

We aim to sustain profitability in palm oil while accelerating the scale-up of our dairy operations, supported by improved yields, breed upgrades and cost optimisation initiatives.

Other investments

Sunshine Holdings PLC and its subsidiaries

Sunshine Holdings PLC is a diversified conglomerate with strategic interests across Healthcare, Consumer Goods, and Agribusiness, sectors central to Sri Lanka's long-term development. In addition to its core operating businesses, the Group manages investments and property assets that support its broader growth agenda.

Outlook for 2025-26 and beyond

As Sunshine Holdings PLC continues to evolve as a diversified conglomerate, the Group remains focused on driving sustainable growth across its core sectors (Healthcare, Consumer Goods, and Agribusiness) while strategically managing its investment and property portfolios. Looking ahead, Sunshine Holdings will continue to pursue innovation, operational excellence, and prudent capital allocation to unlock value for stakeholders. The Group remains agile in navigating macroeconomic challenges and is well-positioned to contribute meaningfully to Sri Lanka's socio-economic development in the years to come.

FROM THE LEADERSHIP

CHAIRMAN'S MESSAGE

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Against this evolving backdrop, Sunshine delivered strong results during the year under review. Group revenue and profitability saw robust growth, driven by disciplined execution, brand-led value creation, and cost containment.

Dear Valued Stakeholders,

It is with great pleasure that I present the Integrated Annual Report of Sunshine Holdings PLC for the year ended 31 March 2025. This message will provide a high-level overview of the operating environment during the year under review, along with the Group's performance across its core business segments. A more detailed account is provided in the Group Chief Executive Officer's message that follows.

The financial year 2024–25 marked a turning point for Sri Lanka, as the country entered a new era of political stability following two national elections held in quick succession. This extraordinary transition, which followed a profoundly debilitating economic crisis, promises to steer the country toward a more stable, accountable, and fiscally grounded trajectory. The new administration's commitment to continuity and structural reform, as outlined under the IMF program, quickly allayed any concerns of a disruptive departure from the macroeconomic stabilisation agenda. Inflation was further reduced during the reporting period, as currency volatility subsided and interest rates became more conducive to growth. With a measure of macro-stability now restored across political, economic, and social fronts, the more challenging task is to translate these gains into broad-based, inclusive, and sustainable growth, delivering tangible improvements to livelihoods while maintaining the fiscal discipline that post-crisis growth demands. This transformation will depend on the nation's ability to stay the course on the reform agenda and pursue its growth objectives with urgency and consistency.

Against this evolving backdrop, Sunshine delivered strong results during the year under review. Group revenue and profitability saw robust growth, driven by disciplined execution, brand-led value creation, and cost containment. All core business segments contributed significantly to this outcome. Healthcare remained the Group's principal revenue and profit generator, while the Consumer Goods segment maintained strong momentum, driven by export growth and brand resilience. The Agribusiness segment, although challenged by input cost volatility and

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Sunshine delivered strong results during the year under review. Group revenue and profitability saw robust growth, driven by disciplined execution, brand-led value creation, and cost containment. All core business segments contributed significantly to this outcome.

regulatory constraints, demonstrated resilience through disciplined operations. Overall, Sunshine's performance in 2024–25 demonstrates the strength of our verticals and the Group's strategic direction, while also reflecting our capacity to adapt.

Of particular significance during the year were several structural rationalisation initiatives: the amalgamation of Lina Spiro and Lina Manufacturing and Sunshine Holdings with Sunshine Packaging; and the integration of Sunshine Consumer and Sunshine Tea under a unified vertical. These actions enhanced corporate focus, delivered cost and operational efficiencies, and reduced structural complexity and administrative overheads. Additionally, improved market liquidity following a share split enhanced share accessibility and overall shareholder value.

In terms of strategy, several milestones stood out in 2024–25. The USD 11 Mn. equity infusion from the International Finance Corporation (IFC) into the Healthcare business reaffirmed Sunshine's long-standing credibility. It also underscored our commitment to improving healthcare access and outcomes for all Sri Lankans. Lina Manufacturing continued to lead the metered-dose inhaler (MDI) segment, consolidating its position and expanding its respiratory product portfolio. Increased capacity now allows us to fully meet both public and private sector demands, adding to our value proposition. During the reporting period, we also strengthened and expanded our last-mile healthcare distribution network through the Healthguard Distribution platform, further bolstering reach and resilience across our supply chain. In Agribusiness, we focused on boosting productivity by adopting best practices, particularly given existing regulatory constraints on oil palm expansion. Consumer Goods saw a reimagining of its supply chain to address evolving market dynamics and improve channel efficiencies. Across all business lines, Sunshine's investments in digital infrastructure and process improvement continued to drive internal efficiencies and future readiness.

As Sunshine grows, it is imperative that our approach to governance evolves in parallel. I am pleased to report that Board oversight, risk governance, and stakeholder engagement remained robust and proactive during the year under review and continue to be so. Board dynamics remain constructive, characterised by transparency, accountability, and a commitment to long-term value creation.

Looking ahead to the new financial year, we remain optimistic with a degree of caution. While global and regional uncertainties persist, we are confident that Sunshine is well-positioned to seize the opportunities arising from a transforming landscape. With political and economic stability returning, Sri Lanka stands at the threshold of a new era of sustainable growth, and Sunshine, guided by our spirit of national stewardship, is committed to being an active contributor to that journey.

In closing, I extend my heartfelt thanks to our shareholders for their enduring confidence, our employees for their dedication, our management team for their unwavering focus, and my fellow Board members for their invaluable counsel. I am confident that together, we will continue to build a stronger, more sustainable future for all.

A Cabraal.

A Cabraal
Chairman
28 May 2025

GROUP CHEIF EXUCUTIVE OFFICER'S MESSAGE

Beyond vertical performance, FY24-25 was a year of strategic renewal and investment. We upgraded digital systems across the Group, including ERP rollouts and expanded cold chain infrastructure in healthcare.

Resilience Reimagined: Building a Future-Ready Diversified Conglomerate

The year under review marked a period of reflection, recalibration, and renewed resilience for Sunshine Holdings PLC. Against the backdrop of a gradually recovering Sri Lankan economy, still contending with structural fragilities, we focused our efforts on strategic execution, operational excellence, and future-readiness. FY24–25 was not simply about weathering post-crisis volatility; it was about reimagining our role in Sri Lanka's economic recovery and long-term growth story. We ended the year with a consolidated Profit After Tax of Rs. 5.9 Bn.

While macroeconomic volatility persisted, this result demonstrated the resilience of our business model, the clarity of our vision, and the discipline with which we executed our strategy. More importantly, it reaffirmed our ability to create value in complex environments, without compromising the fundamentals of governance, purpose, or sustainability.

This year also marked my first full year as Group CEO. It has been both a personal milestone and a pivotal moment in the evolution of Sunshine. As the next generation family member to lead the Group, I have been deeply mindful of the legacy I inherited a legacy rooted in entrepreneurship, values, and a long-term national vision. At the same time, I have been acutely aware of the new realities that define our operating context: an increasingly digitised world, stakeholder capitalism, and the imperative of agility in the face of geopolitical, economic, and technological change.

Our strong performance this year was the result of thoughtful leadership transitions, investments made over many years, and a deliberate push to deepen resilience across all parts of the Group. We did not merely react to market shifts we acted with conviction, leaned into our strengths, and laid new foundations for scale, stability and synergy.

Our Healthcare business once again led the Group's performance, contributing over 60 percent of consolidated revenue. Sunshine Healthcare Lanka continued to build on its leadership position as the third-largest pharmaceutical distributor in the country. We grew our presence across hospital and retail segments, despite a challenging policy environment and lingering foreign exchange pressures. Our ability to manage working capital, navigate regulatory ambiguity, and secure key product lines was a defining strength. In tandem, our manufacturing arm, Lina, expanded its production capabilities and launched new respiratory therapies aligned to evolving national healthcare needs. The capacity expansion was not just a technical milestone; it reflected our strategic pivot toward greater self-reliance and innovation in essential drug manufacturing.

One of the most consequential developments during the year was the deepening of our partnership with the International Finance Corporation (IFC), now in its second year. IFC's 14.7 percent equity stake in Sunshine Healthcare Lanka has brought far more than capital. It has accelerated the digitisation of our supply chain, sharpened our ESG governance frameworks, and opened new doors for regional expansion. With IFC's strategic guidance and Sunshine's operational backbone, we are now exploring further expansion of our local manufacturing capability, an ambition that reflects both commercial opportunity and our belief in national healthcare self-sufficiency.

Our Consumer Goods business delivered a steady performance amid subdued consumption, driven by inflationary pressures, VAT changes and evolving consumer behaviour. Our core tea brands Watawala, Zesta and Ran Kahata maintained strong positions in the domestic market, supported by disciplined pricing, brand strength, and consumer trust. On the export front, we recorded double-digit growth, particularly in East Asia and the Gulf. The brand equity built over the past decade is now bearing fruit in new markets, with Zesta finding resonance among global consumers seeking authenticity, provenance and wellness.

The Daintee confectionery business contributed to stability and margin protection, thanks to operational enhancements, automation, and product innovation. We also laid the groundwork for entry into functional food segments, recognising the growing consumer preference for wellness-oriented nutrition. These initiatives are supported by increased digital investments, including the scaling of e-commerce channels and consumer insights platforms steps that will serve competitive advantages in the years to come.

Agribusiness, our third vertical, continued to deliver stable returns despite global commodity headwinds and operational pressures. Our listed subsidiary, Watawala Plantations PLC, posted commendable results in palm oil, underpinned by improved estate productivity, cost optimisation and mechanisation. Sustainability remains central to our palm oil strategy. We maintained our certification under the Roundtable on Sustainable Palm Oil (RSPO), extended compliance with the Rainforest Alliance and scaled up ESG-linked farming practices.

During the year, we also operationalised our cinnamon processing centre, an early but key step in expanding our value-added spice portfolio. This initiative not only diversifies our Agribusiness revenue streams but also strengthens linkages with smallholder farmers. With rising global demand for traceable, sustainable spices, we see significant long-term potential in this segment. While progress has been incremental, we believe that investing in supply chain traceability, farmer engagement, and responsible sourcing will help Sri Lanka capture a larger share of the global spice value chain.

Beyond vertical performance, FY24–25 was a year of strategic renewal and investment. We upgraded digital systems across the Group, including ERP rollouts and expanded cold chain infrastructure in healthcare. These investments, while not immediately visible on the income statement, are critical to building the institutional capability needed for our next phase of growth. We also began leveraging synergies across our businesses integrating logistics, consolidating procurement, and sharing technology platforms unlocking new efficiencies and improving response times across operations.

Sustainability remained a central theme throughout the year. At Sunshine, ESG is embedded into how we govern, how we operate, and how we engage stakeholders. This year, we launched the Group's ESG Strategy 2025, setting out clear goals across carbon reduction, water stewardship, gender inclusion and sustainable sourcing. Our reporting continued to align with the Global Reporting Initiative (GRI) standards, and we began early-stage disclosures in line with SLFRS S1 and S2. We also published our first sustainability assurance report, providing greater transparency and accountability on our impact performance.

In the Healthcare segment, our investment in domestic manufacturing is not only a business imperative; it is a national responsibility. By improving access to affordable, locally made pharmaceuticals, we are contributing to healthcare security and reducing the country's import dependency. In Consumer Goods, we drive sustainability through ethical sourcing, eco-friendly packaging and waste reduction. In Agribusiness, our initiatives in sustainable palm oil and traceable spices create inclusive value chains while responding to global ESG expectations.

Looking ahead, we remain cautiously optimistic. The macroeconomic recovery is encouraging; reserves have improved; inflation has moderated; and there is some policy stability, though significant risks remain. Structural challenges, including debt overhang, capital market underdevelopment and skill shortages continue to pose headwinds. However, our diversified business model, strong balance sheet, and disciplined capital management give us a defensible base.

Over the next two to three years, our focus will be on three core ambitions. First, we aim to scale our Healthcare business across categories, leveraging our domestic manufacturing capabilities and IFC partnership. Second, we will deepen innovation in our Consumer Goods business, expanding into wellness categories and accelerating digital engagement. Third, we will transform our Agribusiness portfolio into a high-value, ESG-aligned export engine, with a focus on spices, essential oils and traceable commodities. In parallel, we will continue investing in leadership, talent development and digital infrastructure ensuring that we have the capabilities to compete not just today, but tomorrow and beyond. Sunshine Holdings is not just a business; we are partners in national progress. We are deeply entwined with Sri Lanka's economic journey, from recovery to resurgence. We are proud of what we have achieved, but we are even more excited about what lies ahead.

I am deeply grateful to our employees, the Board of Directors, business partners, and shareholders. Your belief in our journey fuels our ambition. As we step into the future, my commitment is to lead Sunshine with vision, accountability, and conviction to build an institution that endures, adapts, and uplifts for generations to come.

S Sathasivam

Group Chief Executive Officer

28 May 2025

FY24-25 was not simply about weathering post-crisis volatility it was about reimagining our role in Sri Lanka's economic recovery and long-term growth story. We ended the year with a consolidated Profit After Tax of LKR 5.9 Bn.

GROUP FINANCIAL PERFORMANCE AND OUTLOOK

Navigating complexity, delivering stability

Having sufficiently recovered from one of the most profoundly turbulent periods in the country's economic history, Sri Lanka took substantive measures in 2024 to build on the initial success of its post-crisis growth agenda. However, even as lingering volatility gave way to further macroeconomic stabilisation, the financial year 2024/25 saw businesses across industries adjust further to shifting fiscal policies, exchange rate fluctuations and changing consumer dynamics. Against this backdrop, Sunshine Holdings PLC delivered a strong financial performance during the year under review, one driven by a smarter approach to capital allocation, operational adaptability and long-term strategic focus.

Broadly in line with the previous year, Group revenue for 2024/25 stood at approximately Rs. 59 Bn., which represented year-on-year growth of 7%, while Profit After Tax (PAT) remained steady at Rs. 6 Bn. Though topline growth proved modest, Sunshine's earnings base remained strong during the reporting period supported by disciplined cost management and improved operating margins. Gross profit margin is steady year-on-year to approximately 30%, supported by improved performance in Healthcare and productivity gains in Agribusiness. The Group also maintained a healthy Return on Invested Capital (ROIC) of around 25% during the fiscal year, due in large part to a strong emphasis on capital efficiency and value-focused growth.

The year 2024/25 was notable for a number of structural and strategic milestones that have already proved significant. Chief among these was the adoption of a shared services operating model that sought to provide centralised Treasury, Taxation, IT and HR support to all subsidiaries. This strategic shift was envisioned with the aim of enabling cost rationalisation, more stringent governance and closer inter-business alignment. The Group also completed a share subdivision for the Company and its subsidiary, Watawala Plantations , both listed entities, in a bid to improve market liquidity and broaden investor participation. These initiatives are all part of Sunshine's ongoing evolution into a leaner, more integrated and future-ready enterprise that seeks to dominate the industries in which the Group operates.

In a concerted effort to realise the Group's long-held ESG ambitions, Sunshine in 2024/25 took meaningful, tangible measures to embed sustainability into its operations and financial DNA, which will drive the initiatives in subsequent years. The Group also sought the services of Deloitte to map its ESG reporting landscape during the year under review, identifying any gaps. This has laid the groundwork for a more structured and auditable sustainability roadmap, further cementing Sunshine's long-term commitment to responsible growth.

A USD 10 Mn. equity infusion by the International Finance Corporation (IFC) into the Healthcare vertical marked a highly valued vote of confidence in Sunshine's growth trajectory.

Segment-level performance

Healthcare

The Healthcare business continued to be the Group's largest contributor in 2024/25, accounting for approximately 55% of revenue. Double-digit topline growth during the reporting period was driven by improved delivery against government contracts a strong manufacturing and distribution performance. The Healthcare vertical also saw increased internal capacity utilisation and better price discipline in 2024/25.

Consumer Goods

Contributing nearly 32% of revenue, the Consumer Goods business experienced some margin compression in 2024/25. Inflationary cost structures from the year prior, the imposition of VAT on branded tea, and constrained pass-through ability led to thinner margins, particularly in the confectionery sub-segments. However, export revenues held steady throughout the reporting period, while margin improvements were observed in some product lines. Sunshine continued to absorb VAT in its branded tea segment to protect demand and maintain volume momentum.

Agribusiness

Comprising some 13% of Group revenue, Agribusiness posted a subdued performance in topline terms during the year under review. While revenue was flat, net profits were significantly affected by the lapse of a five-year corporate income tax exemption on agriculture farming. The palm oil business benefited from productivity improvements including gang harvesting techniques during the latter part of the year, while the dairy segment recorded a valuation loss in livestock due to price and yield. .

Taxation and compliance

The year under review was marked by a structural shift in Sri Lanka's fiscal landscape, with consolidated corporate tax expense increasing by 49% year-on-year to Rs. 3 Bn..

The expiration of income tax exemptions in the agriculture farming segment – particularly in palm oil – saw the standard rate of a 30% corporate tax, resulting in a year-on-year PAT impact of over Rs. 700 Mn. Meanwhile, the phase-out of VAT suspension for exporters, which is expected to take full effect in 2025/26, will have short-term implications for cash flow cycles, though VAT refund mechanisms are expected to stabilise over time.

External operating environment

Continued stabilisation in the macroeconomic climate proved both advantageous and detrimental for the Group. A stronger rupee benefited the import-heavy Healthcare sector while compressing margins in tea exports.

Interest rates continued to fall during the reporting period, reflected in lower borrowing costs, with the policy rate expected to be stable in the new financial year. This has created a favourable lending climate, allowing the Group to pursue selective leverage. Current gearing stands at a conservative 20–24%, well below the internal threshold of 40%, with plans underway to increase external financing to better optimise capital costs.

Strategic investments and ESG alignment

As mentioned earlier in this chapter, notable investments during the year included the IFC's USD 11 Mn. equity infusion into the Healthcare vertical, earmarked for capacity expansion in retail, manufacturing, and diagnostics. At the Group level, Sunshine began operationalising a new ESG roadmap in 2024/25, with Deloitte engaged to assess material gaps in data capture and reporting in the new financial year.

Operating model transformation

The reporting period also saw a transformation in the Holding company's operating model. Sunshine Holdings PLC transitioned into a shared services centre for Group companies, centralising Treasury, Taxation, IT and HR functions. The change necessitated a reclassification of income sources, with intercompany service charges now reflected in the holding company's revenue structure.

The Group also executed a subdivision of shares across two listed entities to enhance market liquidity, reflecting its ongoing commitment to shareholder value.

Future outlook

Looking ahead, the Group remains cautiously optimistic. With declining interest rates, a stable exchange rate and improving consumer sentiment, Sunshine expects topline expansion across Healthcare and Consumer segments in the 2025/26 financial year. Planned enhancements in ESG reporting, digitalisation and legal risk management will serve to further reinforce operational resilience and value creation.

Sunshine Holdings remains committed to financial prudence, sustainable growth and proactive risk management and corporate governance, ensuring continued value delivery to shareholders and the country at large.

BOARD OF DIRECTORS

1. Amal Cabraal

Chairman

Mr Amal Cabraal is an independent non-executive director of Sunshine Holdings PLC since 2017. He was appointed Vice Chairman of the Company in February 2020 and took over as the Group Chairman in June 2021.

Cabraal is an accomplished business leader with over four decades of management experience in both local and international markets. He currently serves as the Chairman of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Silvermill Investment Holdings and CIC Feeds Group of Companies. He was recently appointed as a member of the Colombo Port City Economic Commission. In addition to his numerous leadership roles, he also serves as a Non-Executive Director of John Keells Holdings PLC and is a business advisor to several other companies.

Previously, Cabraal served as the Chairman and Chief Executive Officer of Unilever Sri Lanka, where he gained extensive knowledge and expertise in the consumer goods industry. He has also completed the stipulated maximum nine-year tenure as a Non-Executive Director of Hatton National Bank PLC, providing him with deep insights into the banking sector.

Cabraal is a member of the Board of the Ceylon Chamber of Commerce, and also serves on the Management Committee of the Mercantile Services Provident Society. As a marketer by profession and a Fellow of the Chartered Institute of Marketing-UK, he brings a wealth of marketing and branding expertise to his leadership roles. Cabraal holds an MBA from the University of Colombo and is an executive education alumnus of INSEAD-France

2. V Govindasamy

Deputy Chairman

Mr V Govindasamy holds a BSEE and an MBA from the University of Hartford, USA. He is a fellow member of the Institute of Certified Professional Managers of Sri Lanka. Currently, he serves as an appointed member of the Governing Board and the Monetary Board of the Central Bank of Sri Lanka . Mr Govindasamy serves as an Independent Non-Executive Director of several listed entities. He was the Group Managing Director of Sunshine Holdings and the immediate past Chairman of the Ceylon Chamber of Commerce.

3.

S G Sathasivam

Director/Group Chief Executive Officer

Shyam has over two decades of leadership experience in the corporate sector with a proven track record of strategic transformation, operational excellence and value creation across healthcare and consumer brands.

He began his career in corporate finance at Arthur Andersen in the United Kingdom, advising mid-sized companies on capital raising and strategic transactions. Since joining Sunshine Holdings in 2005, Shyam has played a pivotal role in shaping the Group's long-term growth agenda, spearheading strategic acquisitions, business restructuring and market expansion. Under his leadership, the Group has strengthened its position as an industry leader while driving profitability and innovation.

Shyam holds a BSc in Economics from the London School of Economics and Political Science (LSE), an MBA from the Kellogg School of Management at Northwestern University, USA, and has completed the Owner/President Management (OPM) programme at Harvard Business School. He is currently serving as Chairperson of the Healthcare Sector Committee of the Ceylon Chamber of Commerce and previously as served President of the Sri Lanka Chamber of Pharmaceutical Industry.

Shyam's leadership reflects a commitment to building a purpose-led, performance-driven organisation, with a strong focus on governance, stakeholder value and sustainability.

4.

Reyaz Mihular

Director

Mr Reyaz Mihular served as the Managing Partner of KPMG Sri Lanka and Maldives from 1 April 2012 to 31 March 2022 and was the Chairman of KPMG's Middle East and South Asia (MESA) Regional Cluster during the period 1 October 2018 to 30 September 2021. Reyaz previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe, Middle East and Africa (EMA) Board and on the Global Council of KPMG International.

He is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka Division during the year 2013. Reyaz has completed International Executive Education programmes at INSEAD, France the Harvard Business School and the London Business School, UK.

Mr Reyaz served as a Board Member of the International Accounting Standards Committee (IASC) for a five-year term from July 1995 to December 2000. Subsequently he served on IASC's Standing Interpretations Committee for a year and as a Member of the IFRS Advisory Council of the International Accounting Standards Board for a five-year period. He also served as a member of the International Ethics Standards Board for Accountants (IESBA) for a six-year term from January 2013 to December 2018.

Mr Reyaz presently serves as Chairman of Bairaha Farms PLC and as an Independent Non-Executive Director of Melstacorp PLC, Watawala Plantations PLC, Agility Innovation (Pvt) Ltd, LTL Holdings Ltd and DAMRO Holdings Ltd. He also serves on the Colombo Port City Economic Commission as a Commissioner and as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka

5. Sivakrishnarajah Renganathan

Director

Mr Sivakrishnarajah Renganathan completed the entirety of his more than four-decade of banking career at the Commercial Bank of Ceylon PLC where he held several key positions. He retired as the Bank's Managing Director/Chief Executive Officer after serving on the Bank's Board as an Executive Director for nearly eight years.

He led the team to acquire the banking operations of Credit Agricole Indosuez in Bangladesh in July 2003 as the first Country Manager and successfully established the Bank's operations with a high rating during the first five years of his tenure. He was the first Chief Risk Officer who led the establishment of Integrated Risk Management within the Commercial Bank.

In addition, Mr Renganathan served as Managing Director and a Board Member of the Commercial Development Company PLC (listed in the Colombo Stock Exchange) and as Deputy Chairman at the Commercial Bank of Maldives Private Limited. He was also a Director of the Lanka Financial Services Bureau Limited and the Sri Lanka Banks' Association (Guarantee) Limited. He also served as a Council Member of the Employers Federation of Ceylon, Vice Chairman of the International Chamber of Commerce Sri Lanka, Executive Member of the Ceylon Chamber of Commerce and an Executive Member of the Council for Business with Britain.

Mr Renganathan currently serves on the Boards of Hatton National Bank PLC, Ceylon Hospitals PLC, Janashakthi Insurance PLC, Agility Innovations Ltd., Damro Manufacturing Ltd and Lanka IOC PLC, as a Non-Executive Independent Director in addition to Sunshine Healthcare Ltd., Healthguard Pharmacy Ltd, Sunshine Consumer Lanka, Sunshine Tea, Lina Spiro (PVT) Ltd., and Lina Manufacturing Private Ltd.

He is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Chartered Global Management Accountant (CGMA), London Institute of Banking & Finance, UK (FLIBF) and the Institute of Bankers Sri Lanka (FIB), and has received extensive leadership, management and banking training locally and overseas. He is a Justice of the Peace for the whole island.

6. Tyeabally Akbarally

Director

Mr Tyeabally Akbarally has been a Director of Akbar Brothers Group of Companies since 1979 and presently holds the position of Chairman and is actively engaged in the Tea and Commodity Export Trade. He was a former Chairman of the Colombo Tea Traders Association, and the Spices & Allied Products Producers' and Traders' Association. He was also a Deputy Chairman of Amana Bank and the Chairman of Amana Takaful PLC and is on the Boards of several other companies. Mr Akbarally is a trustee of the M H Kanji Charitable Trust.

7. G Sathasivam

Director

Mr G Sathasivam began his career in the pharmaceutical sector. Over the past 58 years of success and innovation, he established Sunshine Healthcare Lanka Limited (SHL) into a leader in Sri Lanka's pharmaceutical industry. Not content to rest on his laurels, he drove the Group's diversification into uncharted territories, molding Sunshine Holdings into the pride of the nation. His business acumen has been recognised both in Sri Lanka and abroad. He is the Founder of Sunshine Holdings PLC.

8. Sanjeev Shishoo

Director

Mr Sanjeev Shishoo is a qualified healthcare management professional holding a B Pharma, M Pharma and MBA from the Indian Institute of Management – Calcutta, a leading business school in India.

He was the Corporate Vice President, Global Shared Services, at Novo Nordisk, a global healthcare company boasting more than 90 years of innovation and leadership in diabetes care. Headquartered in Denmark, Novo Nordisk employees over 77,000 people in 80 countries and markets its products in more than 170 countries.

He has previously been the Vice President, Business Area Oceania & South East Asia, based in Kuala Lumpur, Vice President, Regional Officer Far East based in Bangalore and Vice President of the Regional Office in India.

Shihoo has a track record of creating high performing teams that deliver ambitious targets and is skilled in Marketing strategy and implementation. Building healthcare brands has is passion and was responsible for making Novo Nordisk's insulin brands amongst the top 10 pharma brands in India.

9. Sudarshan Jain

Director

Mr Sudarshan has a strong passion for healthcare and the education sector. He is currently the Secretary General of the Indian Pharmaceutical Alliance (IPA), a Senior Advisor with EQT Partners and also a Board Member of multiple organisations. He is the Chairman of the Indian Institute of Health Management and Research (IIHMR, Jaipur) and member of Drug Techincal Advisory Board (DTAB). He has served in several leadership positions over the years and was earlier the Managing Director at Abbott Healthcare Solutions.

He has a rich healthcare business experience of over 45 years which includes stints in Abbott, Johnson & Johnson and leading Indian companies. His experience covers pharmaceutical, OTC, hospital, diagnostic and nutrition businesses.

Mr Jain has received a number of recognitions for his contributions within the Company, with academic institutions and with industry associations. He is the first Indian recipient of the Global Chairman's Award at Abbott. Sudarshan has also served as Vice President of the Organisation of Pharmaceuticals Producers of India (OPPI) representing research based pharmaceutical companies. He is currently a member of the Board of Abbott India, Sunshine Holdings, the Advisory Board of Narsee Monjee University, Mumbai (NMIMS) and the Indian Education Society (IES) and is a Charter Member of The Indus Entrepreneurs, Mumbai (TiE).

10. Aruni Goonetilleke

Director

Mrs Aruni Goonetilleke is a financial services expert with over 25 years of experience in regional financial markets. She has extensive experience in risk management, credit, audit, and business origination having held leadership positions in local and international banks. She is a former Chairperson of Hatton National Bank PLC and was the Head of Corporate Banking at People's Bank, where she was responsible for a large portfolio of public and private sector clients. Immediately before that, she was the Head of Credit for Commercial Banking, at Standard Chartered Bank, Singapore. She has also held the positions of Head of Credit for SME at Standard Chartered Bank, Singapore, Chief Risk Officer, at Standard Chartered Bank, Sri Lanka, and global audit roles in wholesale and retail Bank and distressed assets management at Standard Chartered Bank Singapore.

She has a Master's in Law from Harvard Law School, Harvard University, USA, and a Bachelor's in Law (Honours) from the Faculty of Law, University of Colombo, and was a visiting lecturer in law at the University of Colombo.

She is a non executive director of Tea Smallholder Factories PLC, PGP Glass Ceylon PLC, John Keells Hotels PLC and an audit committee member of Goodhope Asia Holdings Ltd.

11. Aruna Deepthikumara

Director/Group Cheif Financial Officer

Aruna Deepthikumara is a finance expert with over 20 years of experience in reputed business entities. Currently, he is an Executive Committee Member and Group Chief Financial Officer at Sunshine Holdings PLC since August 2017.

He previously served in BASF Lanka (Pvt) Limited a fully owned subsidiary of BASF SE, Germany, as a Board member and Chief Executive Officer to drive Sri Lanka business operations from January 2016 to July 2017. He was also served as Finance Director at BASF Lanka since 2013.

Aruna served in his career journey as Accountant, Management Accountant, and Finance Manager in the Property Sector at John Keells Holdings PLC between 2004 and 2013, and is an alumni of Ernst &Young, Colombo.

He is a Fellow Member/FCA of the Institute of Chartered Accountants of Sri Lanka and an Associate Member/ACMA of the Institute of Certified Management Accountants of Sri Lanka. In addition, he a BSc Marketing Management from the University of Sri Jayawardenapura and is also CIM (UK) qualified.

12. A D B Talwatte

Director
(Resigned w.e.f. 31 March 2025)

Mr A D B Talwatte is a fellow of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Chartered Institute of Management Accountants of the UK. He has served as the Country Managing Partner of Ernst & Young Sri Lanka for over a decade. Besides his distinguished career of more than 39 years in Assurance, Business Risk and Advisory Services, Talwatte has served as the head of numerous leading industry bodies and has been closely associated with the development of Corporate Governance in Sri Lanka.

A former President of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) (in 2002/2003) and the Chartered Institute of Management Accountants (in 1995/96), he now functions as the Chairman of Management Systems (Pvt) Limited (MSL) . He serves on Boards and chairs the audit committees of several listed companies.

MANAGEENT TEAM

S Sathasivam
Executive Director/
Group Chief Exucutive Officer

Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

Michelle Senanayake
Group Chife People and
Corporate Comunication Officer

Infiyaz Ali
Group Chief Digital Officer

Hiran Samarasinghe
Chief Growth Officer

T Sayandhan
CEO – Medical Devices and
Lina Manufactruring

Shantha Bandara
CEO – Pharmaceuticals and Healthguard
Distribution

Anuruddha Aluvihare
CEO – Sunshine Consumer

Sanjeeva Saranapala
CEO – Sunshine Tea

BUSINESS REVIEW

HEALTHCARE

Healthcare is, to date, the single most important segment of our portfolio, not just in terms of revenue but in its being at the heart of the Group's corporate identity, even as we continue to grow in other sectors.

Accounting for nearly 55% of the Group's revenue, healthcare remains Sunshine Holdings PLC's largest and perhaps best-known business. Indeed, Sunshine, as a brand, is primarily associated with healthcare in the public consciousness, with our healthcare arm widely recognised as an industry leader in pharmaceuticals, medical devices, Nutraceuticals, and high-end retail pharmacy.

On the revenue front, healthcare is undoubtedly Sunshine's most industrious vertical, contributing to some 50% of the Group's total revenue every year.

The segment has, over the past several decades, helped Sunshine establish itself as a dominant player in the Sri Lankan market, propelling the Group to the upper stratosphere of homegrown commercial success.. Every year that passes, our share grows in each of the market segments, setting the stage for industry dominance. Even as we concentrate on growth in volume and revenue, Sunshine Healthcare is also hyper conscious of the quality, efficacy, and safety of our products, taking into account our customers' complex medical and surgical needs, not merely as a regulatory obligation but as an ethical imperative.

Sunshine Healthcare can be divided into following SBUs:

Pharmaceuticals

- Serves as an agency house enabling its partners on market access and build quality pharmaceutical brands

Medical devices

- Importer of surgical devices and diagnostic equipment, serving mainly to hospitals in both government and private sectors

Distribution

- Known as Healthguard Distribution, the sales and distribution service provider to all potential importers and local manufacturers with a reach over 4,500 customer points island wide, in the pharmacy channel, modern trade and hospitals.

Pharma manufacturing

- Operated under Lina Manufacturing and Lina Spiro, producing respiratory therapy products including metered dose inhalers (MDIs) and an award-winning dry-powdered inhaler (DPI) line

Retail

- The Healthguard chain of retail outlets sell pharmaceuticals, devices, and wellness products to a loyal customer base in the Western Province

In the 2024-25 financial year, Sunshine Healthcare recorded revenue of Rs. 32.6 Bn., with earnings before interest and taxes (EBIT) of Rs. 5.5 Bn. at a margin of 16.9%, and profit after tax (PAT) of Rs. 3.6 Bn. at a margin of 10.9%. Strategic pricing adjustments following various macroeconomic developments, both positive and negative, together with timely cost control measures, drove margin improvements during the reporting period.

As the fiscal year 2024-25 rolled around, Sri Lanka's health sector, which had been ravaged by back-to-back crises – from the pandemic to a catastrophic economic meltdown – had barely recovered from the state of profound fragility it had found itself in. Though much progress had certainly been made on the macro front, and both the country and the industry had made considerable headway in reversing the destructive impact of the 2022 financial crisis. Plagued by lingering macroeconomic uncertainties, from forex volatility to government-imposed price ceilings, Sunshine Healthcare still had much work to do in pushing ahead on its strategic goals in a market that, though it had largely stabilised. Yet, demonstrating remarkable resilience, the vertical maintained positive growth trajectories across its five business lines in 2024-25. Built on a lasting foundation of strategic relationships cultivated with our global principals over many years, Sunshine Healthcare made a concerted effort during the year under review to further innovate in service delivery, all the while maintaining stringent compliance standards. As we welcome a new fiscal year, we are quite confident of our growing ability to capitalise on emerging opportunities in an economy that, against all odds, is showing much promise.

sunshine
Bringing good things to life
About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Pharmaceuticals

Generating at Rs. 18 Bn. in revenue and contributing around 30.5% of overall revenue, Sunshine Healthcare's pharmaceutical business makes up the core of the healthcare vertical and is the Group's foremost growth driver.

Generating at Rs. 18 Bn. in revenue and contributing around 30.5% of overall revenue, Sunshine Healthcare's pharmaceutical business makes up the core of the healthcare vertical and is the Group's foremost growth driver. Sri Lanka's third-largest pharmaceutical importer with a 13.1% market share, the business must necessarily navigate a highly competitive environment that's subject to the strictest government regulation.

For a host of complicated reasons that includes resource scarcity, Sri Lanka's pharmaceutical landscape has always been predominantly import-driven, with about 85% of the supply sourced internationally while local manufacturers meet the remainder. Sunshine Healthcare's pharma division, being an agency house and master importer, plays a central role in ensuring that the nation has unfettered access to a steady supply of medicines and other healthcare solutions.

Sunshine Pharmaceuticals concentrates primarily on the private market, where imported pharmaceuticals sell alongside drugs sourced by the state. Every product distributed by the Company meets the Regulations set by the National Medicines Regulatory Authority (NMRA), while adhering to the even higher standards imposed by our principals abroad as well as ISO 9001:2015 and GDP (WHO) . Meanwhile, price controls and exchange rate volatility add another layer of complexity to this demanding mix, calling for scrupulous management to ensure and maintain compliance and cost efficiency.

While audits are regularly conducted across all five verticals, nowhere is scrutiny as intense as it is in the Group's pharma unit, speaking to its heightened need to conform. With its legacy spanning over 50 years and vibrant partnerships with some 37 of the most recognisable pharmaceutical brands in the world, Sunshine Pharmaceutical is widely regarded as an industry leader that commands trust, having won the confidence of both private and state sectors as well as individual consumers. The pharma division's diverse product portfolio includes branded generics, biologicals (insulin) and original multinational brands, covering therapeutic areas as wide-ranging as respiratory care, diabetes management, dermatology, pain management and critical care. Sourced largely from India, Bangladesh, Pakistan, Denmark, Japan, and Southeast Asia, the pharmaceuticals BU has consistently been able to strike that all-important balance between affordability and quality to meet the evolving and increasingly nuanced needs of healthcare providers and patients alike.

Sunshine Healthcare's pharmaceutical arm also upholds rigorous Quality standards Management System (QMS) , holding such sought-after certifications as ISO 9001:2015 (UKAS) and Good Distribution Practices (WHO Bureau Veritas). This commitment to excellence extends to talent acquisition and retention, allowing for high service standards.

The operation's business model seamlessly integrates key functions, including regulatory compliance, import and clearance, inventory planning, tender management, business development and administration. It also encompasses quality assurance and pharmacovigilance, legal and compliance, ensuring robust governance. Additionally, support services such as Finance, HR, and IT provide essential operational backing.

Within the Group, the pharma unit does not exist in a silo, and Group synergies play a crucial role in advancing its business objectives. For instance, Healthguard Distribution's advanced cold chain capabilities and real-time monitoring are utilised by the pharma business to maintain stringent temperature and storage standards set by both principals and the NMRA. The business model, overall, is designed to support and drive growth for principal brands and simultaneously support Sunshine's own growth agenda, whilst ensuring operational efficiency and regulatory compliance.

FY 2024-25 highlights

Strategic realignment and operational consolidation were high on the agenda for the pharmaceuticals business in 2024-25, with the business making calculated moves to stay ahead of the curve in a rapidly evolving industry. Despite ongoing challenges posed by economic volatility, regulatory pressures, and shifting market dynamics, the pharma division showed much resilience during the reporting period, maintaining its position as the largest revenue earner for not just the healthcare vertical but for the entire conglomerate.

The pharmaceuticals segment has for years been a market leader in branded generics and multinational products, a trend that continued in 2024-25, with the Company successfully renewing registrations including dermatological, respiratory and cardiology treatments. These renewals were of particular significance given the increasingly stringent requirements set by the NMRA.

As regulatory conditions tightened over time, Sunshine Pharmaceuticals maintained its competitive edge by forging new agency partnerships in 2024, while also diversifying the Company's product offerings. A strong emphasis on branded generics proved especially advantageous as multinational companies struggled to navigate the arduously convoluted local price controls.

Financially, the pharma business recorded notable revenue growth during the year, driven by new product introductions and a long overdue resolution of registration delays which allowed high-demand items to return to market. A major milestone in 2024-25 was an initiative to export plasma, developed in partnership with Intas Pharmaceuticals, which served as a new revenue stream, contributing 4% to revenue growth. Meanwhile, a volume growth of 17.3% and a value growth of nearly 12% outpaced the market average by a wide margin, thanks to well-executed strategic initiatives and portfolio optimisation efforts.

Though challenges persisted during much of the year, Sunshine Healthcare took pre-emptive measures to mitigate risks through supply chain diversification and procurement from cost-efficient markets, a prudent strategic approach that not only helped safeguard revenue but also strengthened the segment's capacity to meet the growing demand for affordable, high-quality pharmaceuticals.

In a year marked by continuing external pressures and an increasingly complex regulatory climate, Sunshine Healthcare's pharmaceuticals segment more than showcased its ability to adapt and thrive. Helped by strategic partnerships and a sharp focus on portfolio diversity, the segment remains well-positioned for sustainable growth in the years ahead.

Healthguard Distribution

The fiscal year 2024-25 was, in many ways, a transformative period for Healthguard Distribution, which saw strategic consolidation and substantial growth in a challenging operating environment.

Healthguard Distribution can be best thought of as a logistical engine powering the entire Sunshine Healthcare segment. It is no mere sales and distribution arm but, rather, a comprehensive, strategically integrated operation that ensures the seamless flow of pharmaceuticals and wellness products across the island. Covering over 4,500 customer points – from sleek urban pharmacies to remote rural clinics – Healthguard Distribution is undeniably Sri Lanka's largest and most far-reaching healthcare distributor in the pharmacy channel.

It's not just its sheer scale that distinguishes Healthguard Distribution from other private distributors, however. The business unit's strategic positioning as Sri Lanka's only national distributor with fully centralised operations makes it a major player in the wider healthcare industry and certainly a force to be reckoned with. While regional distributors tend to be limited in scope, Healthguard Distribution's truly nationwide presence guarantees healthcare access across both densely populated cities and rural areas that all-too-often fall by the way side.

Not unlike its sister business, Healthguard Distribution's operational model is built on meticulous supply chain integration, including warehousing, last-mile logistics, and coordinated sales efforts. The unit's cutting-edge distribution infrastructure features energy-efficient cold storage facilities and advanced racking systems, maintaining product integrity and traceability throughout the supply chain.

The business' centralised operations not only ensure consistency and reliability but also helps cultivate strategic partnerships with both local and international pharmaceutical manufacturers. As a preferred partner for leading global brands, distribution has helped Sunshine Healthcare stay on top over the years in a highly competitive market. Delivering a seamless link between manufacturers and consumers, Healthguard Distribution also exemplifies Sunshine Holdings' commitment to operational excellence and the much higher calling of ensuring a nation's well-being.

FY 2024-25 highlights

The fiscal year 2024-25 was, in many ways, a transformative period for Healthguard Distribution, which saw strategic consolidation and substantial growth in a challenging operating environment. The business not only maintained its position as the country's largest healthcare distributor but also expanded its operational footprint while diversifying its client portfolio, ending the year on a decidedly high note.

The complete integration of the pharmaceuticals segment's sales and distribution functions into Healthguard Distribution in 2024-25 turned it into a fully-fledged distribution powerhouse. As discussed earlier, this realignment boosted operational efficiency by centralising logistics management and served to optimise resource allocation and strategic focus across both distribution and pharma businesses. Following this, to accommodate the expanded scope, Sunshine Healthcare invested Rs. 300 Mn. in upgrading the western regional distribution centre in a comprehensive modernisation effort that included cutting edge racking systems and cold storage facilities.

The vast distribution network proved instrumental in maintaining operational resilience during the reporting period, while strategic client acquisitions – most notably, a partnership with Cipla Lanka – further strengthened Healthguard Distribution's market leadership. It remains the preferred partner for global and regional pharmaceutical manufacturers entering the Sri Lankan market. Meanwhile, the establishment of new regional hubs, including a state-of-the-art distribution centre in the Northern Province, served to improve coverage and last-mile delivery efficiency.

Healthguard Distribution's strategic response to continuing macro-level challenges in 2024-25 included a renewed commitment to compliance and optimising cost structures. Investments in training and technology enabled the team to manage distribution complexities efficiently, maintaining seamless operations and quality control.

Throughout the year, Healthguard Distribution's comprehensive logistics model and strategic agility allowed it to manage increased distribution volumes without compromising on quality or safety or efficacy a strategic imperative that Sunshine Healthcare deems of the highest importance. Consolidating distribution functions and using advanced infrastructure, Healthguard Distribution not only maintained its market share but also capitalised on emerging opportunities as the healthcare sector stabilised.

Pharma manufacturing

Sunshine Healthcare's pharmaceutical manufacturing operations are carried out through two fully owned subsidiaries Lina Manufacturing and Lina Spiro which function in tandem as a single integrated unit under Sunshine Holdings PLC.

Strengthening local respiratory care capabilities

Sunshine Healthcare's pharmaceutical manufacturing operations are carried out through two fully owned subsidiaries Lina Manufacturing and Lina Spiro which function in tandem as a single integrated unit under Sunshine Holdings PLC.

Established in 2011, Lina Manufacturing has carved a niche in respiratory therapeutics, operating six dedicated manufacturing lines for Metered Dose Inhalers (MDIs), Dry Powder Inhaled capsules (DPIs), tablets, nasal sprays, creams, and medical devices. As Sri Lanka's sole manufacturer of MDIs, Lina holds a strategic monopoly in this critical segment, fulfilling nearly 100% of the government's demand for MDIs underscoring its vital role in the national healthcare landscape.

In December 2020, Sunshine Healthcare acquired Lina Manufacturing following its merger with Akbar Pharmaceuticals. This strategic move positioned Sunshine as Sri Lanka's first fully integrated healthcare company, covering the entire pharmaceutical value chain: research and development (R&D), manufacturing, imports, distribution, and retail. The acquisition also significantly expanded Lina's production capacity in alignment with Sunshine's long-term healthcare growth agenda.

Backed by over a decade of operational excellence, Lina has become a trusted supplier of respiratory products to both public and private sector institutions. Continued investment in R&D has enabled the development of a diverse, innovation-led product portfolio that addresses the growing demand for advanced respiratory solutions.

Lina's six primary product lines include:

- MDIs: Exclusively supplied to the state sector, ensuring nationwide respiratory therapy access
- DPIs: Patented inhalers designed for asthma and chronic respiratory conditions
- Dry Powder Capsules: Administered via inhalation devices for targeted respiratory medication delivery
- Nasal Sprays: Widely used by ENT specialists and GPs for managing nasal congestion and other respiratory ailments
- Medical Devices: Inhalation devices engineered to optimise DPI therapy and enhance patient adherence
- Creams: Including topical treatments such as *Winterpan*, supporting respiratory symptom relief and dermatological care

Product diversification and capacity expansion have long been strategic priorities for Lina. These efforts, supported by investments in automation and continuous line upgrades, have enabled the Company to consistently double output and meet rising national demand.

In addition to its core portfolio, Lina has successfully ventured into contract manufacturing by leveraging its Contract Development and Manufacturing Organisation (CDMO) capabilities. Through partnerships with international pharmaceutical leaders such as Zydus Cadila (India) and Kalbe Pharmaceuticals (Indonesia), Lina has further broadened its regional footprint and manufacturing expertise.

FY 2024-25 highlights

The 2024–25 financial year marked a period of both consolidation and expansion for Lina Manufacturing and Lina Spiro. The commissioning of a second MDI production line, coupled with advanced automation integration, resulted in a doubling of production capacity, enabling the business to fully meet the government's annual requirement of approximately three million MDI units.

While government procurement remained the primary revenue driver, Lina strategically entered the underpenetrated private respiratory care market during the year. Specialised marketing and medical representative teams were deployed to build visibility and foster uptake. These efforts translated into a notable increase in private sector market share a milestone in the Company's broader strategy to diversify revenue streams and reduce reliance on state-sector demand.

Internationally, Lina strengthened its CDMO partnerships with leading pharmaceutical companies, including Zydus Cadila and Kalbe Pharmaceuticals. These collaborations underscore Lina's growing reputation as a trusted regional partner for high-quality respiratory product manufacturing.

Operationally, Lina sustained the production of its core respiratory lines including nasal sprays, creams, and DPI capsules while maintaining a sharp R&D focus on formulation enhancements and manufacturing efficiency. Investment in automation and sustainable practices helped mitigate the impact of volatile exchange rates and regulatory price controls, while also supporting cost optimisation.

Human capital remained a key enabler of success. Targeted talent retention initiatives and structured career development programs helped stabilise the workforce during peak operational periods.

Financially, Lina delivered strong performance, driven by expanded capacity, stable public sector demand, and internal efficiency gains. Looking ahead, the planned amalgamation of Lina Manufacturing and Lina Spiro in FY 2025–26 is expected to streamline operations further and enhance the strategic business unit's (SBU's) competitiveness.

Medical devices

Sunshine Healthcare's Medical Devices division has evolved significantly from its modest beginnings, emerging as the fastest-growing business segment within Sunshine Holdings.

A high-growth engine of Sunshine healthcare

Sunshine Healthcare's Medical Devices division has evolved significantly from its modest beginnings, emerging as the fastest-growing business segment within Sunshine Holdings. Over just eight years, it has recorded consistent market share growth, underpinned by a strategic decision in 2017 to separate the medical devices business from the pharmaceuticals division. This move enabled a sharper operational focus and created distinct revenue streams, laying the foundation for sustained expansion now clearly visible in the business's strong performance trajectory.

Today, Sunshine Healthcare is firmly positioned as a leading supplier of surgical, diagnostic, and medical equipment across Sri Lanka's public and private healthcare sectors. Our comprehensive product portfolio has been built through longstanding partnerships with some of the world's most respected manufacturers. In the surgical segment, we source advanced wound closure solutions, minimally invasive surgical tools, and cutting-edge equipment from global giants such as Johnson & Johnson, 3M, Coloplast, and ICU Medical. Our diagnostics capabilities are significantly enhanced by collaborations with Siemens Healthineers, GE Healthcare, Cordis, and most recently, Randox—partners who bring innovation and credibility to our offerings. The equipment segment includes critical care solutions such as ethylene oxide sterilizers, blood gas analyzers, incubators, and ICU-grade patient monitoring systems.

The division's consistent growth and expanding market footprint are a testament to its operational excellence, strategic foresight, and unwavering focus on aligning with globally trusted medical device manufacturers. This commitment to quality, reliability, and innovation has cemented Sunshine Healthcare's position as a vital contributor to Sri Lanka's healthcare infrastructure.

FY 2024-25 highlights

The Medical Devices division delivered strong results during the year, driven primarily by robust volume growth. With the stabilisation of the US dollar, pricing became more predictable and products more accessible, particularly in the cost-sensitive surgical and diagnostic segments. This volume-driven strategy enabled the division to exceed its budget targets by more than 100%.

Performance was further reinforced by the resilience of our global partner network, which remained intact despite the challenges of recent years. The onboarding of Randox as a principal partner in 2024 significantly expanded our diagnostic and immunochemistry capabilities. Meanwhile, Johnson & Johnson and 3M continued to be the leading revenue contributors, supported by sustained demand for surgical and wound care products. Diagnostic solutions from Siemens and GE also gained momentum, benefiting from the post-crisis recovery in elective procedures and growing emphasis on preventive care.

As Sri Lanka's economy stabilises and investment in healthcare increases, Sunshine Healthcare's Medical Devices business is well-positioned for continued, sustainable growth. With a strategic focus on innovation, access, and strong partnerships, the division remains a key enabler in strengthening the nation's healthcare delivery system.

Retail

Healthguard stands out by pursuing a level of differentiation and sophistication across three fundamental pillars: ambiance, product offering, and service driven on expertise and technology.

Our flagship pharmacy chain Healthguard is not just a leader in Sri Lanka's premium pharmacy retail sector but also, undoubtedly, a pioneer that sets the standard on excellent service delivery. Healthguard's central premise is to deliver high-quality pharmaceuticals and wellness products, and a host of other items, to an increasingly discerning consumer segment that has come to value quality above all other considerations.

Colombo's high-end pharmacy is space is admittedly a crowded one, and our 16 outlets – all located in the Colombo metropolitan area – stand out by offering a level of sophistication that our competition may be hard pressed to match across three fundamental pillars: ambiance, product offering, and service excellence driven by expertise and technology. Our middle and upper-middle-income base has recognised this and our commitment to a holistic healthcare experience, rewarding the brand with their loyalty.

Healthguard also sets itself apart by its retail model which has been built on professional guidance and customer education, with all outlets designed to create an inviting, service-oriented atmosphere where customers receive a personalised service and expert consultation.

The product portfolio primarily comprises pharmaceuticals and wellness products – which drawn in 54% and 40% of Healthguard's revenue, respectively – categorised as "upmarket", aligning with the brand's identity as a high-street pharmacy chain serving the upwardly mobile, though it certainly strives to be an equal-opportunity service provider. This is a sensible approach, considering that our consumers are often prescribed medications of a higher price range by their physicians. Our curated selection, with its higher price point, is therefore a natural selling point for this particular demographic. The remaining 5% of the revenue comes from supplements, medical devices, and FCMG items such as chocolates and convenience goods that also tend to be of premium quality.

Further differentiating Healthguard's value proposition is a newly introduced 'Purple Service' protocol, a structured approach that seeks to facilitate a consistent, more engaging customer experience. A home delivery service we call 'Pharmacist Direct' has also been launched, which sees trained pharmacists provide in-person consultations that go beyond mere delivery.

Despite growing and increasingly stiff competition from new and well-established brands alike, Healthguard has been able to stay on top, thanks in large part to its promise of personalised quality. Every outlet is staffed by qualified pharmacists who have been trained to provide accurate information, adhering to the strictest standards.

Ambience is central to the Healthguard experience. At Healthguard, we believe that the physical layout and overall look and feel of our outlets must reflect an atmosphere conducive to a pleasant shopping experience. Every outlet is designed to offer a calm, modern retail environment, with clean layouts, curated displays, and an almost slavish adherence to storage protocols. This meticulous attention to detail, from store design to product merchandising, speaks to the exemplary role Healthguard has played in setting the benchmark for pharmacy retailing in Sri Lanka.

Healthguard is no mere pharmacy, however. It's also a lifestyle store modelled on formats seen in more developed markets, offering wellness products alongside impulse-driven categories that complement everyday purchases. The aim is to create a space where convenience meets care.

Muh of this is made possible by advanced technology. An automated ordering engine connects with over 160 suppliers, generating over 300 weekly orders with minimal manual input. This highly sophisticated system predicts, with a great degree of precision each outlet's stock needs, and also flags alternatives, enabling pharmacists to offer informed choices to customers.

FY 2024-25 highlights

The 2024–25 financial year was in some ways a turning point for Healthguard, with the business delivering one of its strongest performances to date, despite continued economic and regulatory headwinds.

While a 9.2% revenue increase, improved margins, and disciplined cost controls drove this performance, service innovation was also central to it. The rollout of the Purple Service protocol, a standardised customer engagement initiative delivered via 14 training videos, proved instrumental in improving the in-store service experience, setting a new benchmark and serving to cement our position as Colombo's go-to high-end pharmacy chain.

Healthguard also broke new ground in 2024-25 with Pharmacist Direct, a brand new delivery model that sees licensed pharmacists provide home consultations alongside medication delivery. In a clear departure from run-of-the-mill courier-led models that are essentially a glorified delivery service, this initiative responded to rising demand for convenience while maintaining clinical standards, giving Healthguard a comfortable lead in service excellence.

Healthguard's product mix also continued to evolve during the year under review, blending high-quality pharmaceuticals with a wellness portfolio that has seen some resurgence since the tumultuous conditions of the past several years. Stabilising consumer sentiment allowed for the return of exclusive international brands, including premium supplements and beauty and personal care lines.

Backed by Sunshine's technology infrastructure and utilising Group synergies, Healthguard also deepened its use of purchase data to drive targeted marketing during the year, boosting basket value and loyalty by promoting wellness add-ons alongside essential medicines.

Looking ahead, Healthguard enters the next fiscal year with renewed vigour and momentum, doubling down on service, smart expansion, and customer engagement – well-positioned to lead Sri Lanka's premium healthcare retail space. We are also looking to expand our geographical footprint with two new stores to be opened in Malabe and Colombo, further strengthening our growing reach within a high-potential urban corridor.

CONSUMER GOODS

Sunshine's consumer goods vertical is a force to be reckoned with in Sri Lanka's fast-moving consumer goods (FMCG) industry.

Comprising the largest branded tea business in the country, an internationally renowned tea exports enterprise, and a market-leading confectionery business, Sunshine's consumer goods vertical is a force to be reckoned with in Sri Lanka's fast-moving consumer goods (FMCG) industry. Over the past 25 years, Sunshine Consumer Lanka – a Rs. 19 Bn. business – has evolved strategically, with improved efficiencies across its business units leading to notable and sustainable growth, overcoming both domestic and global challenges.

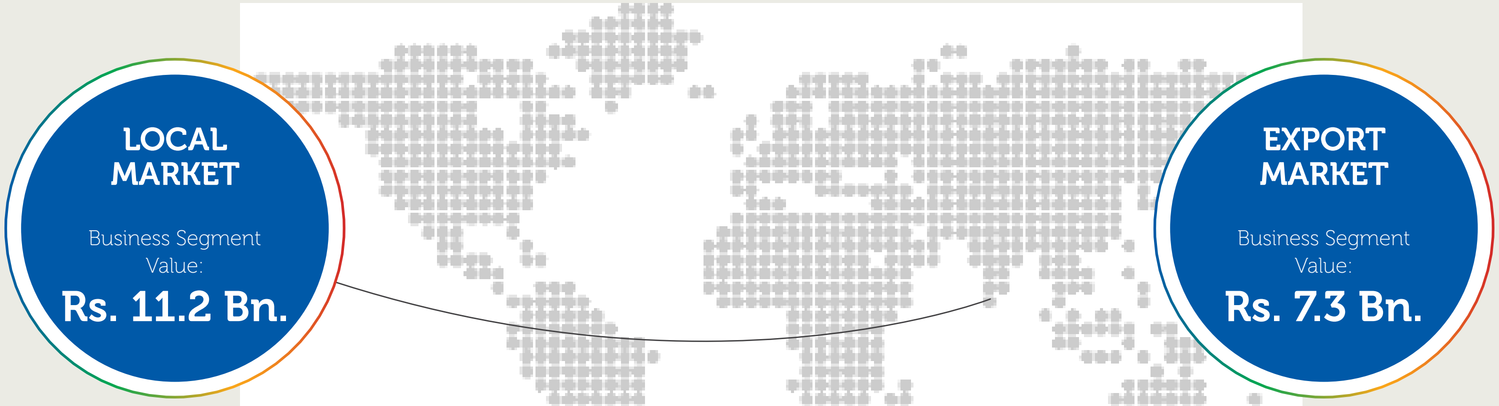
Our domestic tea business, the mainstay of the consumer segment, continues to thrive, accounting for over 50% the local branded tea market. Sunshine's brands Zesta, Watawala, and Ran Kahata, all reliably record high sale volumes in their respective target markets year after year, while our confectionery business Daintee is responsible for 4 iconic brands namely Daintee, Xtra, Milady and DainteeHearts Our export arm, Sunshine Tea (Pvt) Ltd, meanwhile, is consistently ranked among the top exporters of Ceylon Tea, with over 200 varieties of the finest teas grown in the island sold to an exclusive clientele scattered over 80 countries.

In the 2024-25 financial year, our domestic tea business confronted heavy external pressures to deliver steady growth. Despite an 18% VAT on branded tea which had continued from the previous year, all three tea brands retained their market leadership, collectively holding a share in excess of 50%. A disciplined pricing strategy, combined with strong field execution and continued brand and equity investment contributed to significant volume growth. The year under review also saw a major structural shift in the integration of tea and confectionery sales teams into a unified FMCG force, which has served to boost reach and operational efficiency across some 99+ SKUs.

The confectionery business also underwent a strategic recalibration in 2024-25. Though sales declined amid softer consumer spending and higher taxes, Daintee's focus shifted to long-term brand building and innovation, with the Company absorbing the VAT burden to maintain affordability. A new cocoa powder-based chocolate SKU was piloted during the reporting period, while reducing reliance on promotions in favour of in-store visibility and equity-driven growth.

On the export front, Sunshine Tea (Pvt) Ltd. recorded 11% volume and 22% USD revenue growth, driven by demand for value-added formats like tea bags and growing traction in East Asia's ready-to-drink (RTD) and bubble tea segments. The business continues to balance bulk and branded exports in over 80 markets, underpinned by a fully automated, vertically integrated facility and newly internalised warehousing. As traditional markets face mounting risks, Sunshine is accelerating its push into Asia and Africa, where growth is more stable and sustainable.

Overall, 2024-25 was a period of consolidation, one that prioritised structural clarity, market adaptability, and long-term value over short-term gains. With stronger foundations in place, Sunshine's consumer goods vertical is ready to face the new financial year with renewed vigour.



Branded consumer products in the tea and sugar confectionery space, including Zesta, Watawala, Ran Kahata teas and Daintee, Milady and other confectioneries.

Exporter of tea for OEM brands, and Sunshine's own Ceylon Tea brands including AvanTea, Gordon Frazer and Teazup.

Tea

Our tea portfolio, comprising the brands Zesta, Watawala, and Ran Kahata, together account for over half of the branded market, respectively occupying the number one, two, and five positions by market share.

Just as much as tea is at the heart of Sri Lanka's national identity, so it remains the centre of Sunshine's consumer segment, making up most of its revenue. Sri Lankans love their tea, with an estimated 99.3% of the population consuming at least one cup a day, in what has become a deeply embedded ritual. This amounts to some 30 million kilogrammes a year, around 60% of which is sold in the local market as branded tea, a segment where Sunshine continues to hold a commanding presence.

Our tea portfolio, comprising the brands Zesta, Watawala, and Ran Kahata, together account for over half of the branded market, respectively occupying the number one, two, and five positions by market share. Clear differentiation across price points and consumer segments allows each brand to play a strategic role in Sunshine Consumer's architecture, allowing the Group to remain relevant and reach a broad demographic spectrum.

Zesta

Our premium offering, Zesta targets a more discerning consumer segment, with a strong emphasis on quality and provenance. Made with 100% BOPF tea, it is a brand that celebrates what we call the "art of tea", a tagline that goes back a quarter of a century. We also sell a range of wellness infusions blended with herbs and healing spices under the Zesta brand. Zesta made a bold move as the premium tea market leader by launching "My Zesta Story", a campaign that gave consumers a chance to create the next TV commercial for Zesta. Aided by this campaign, Zesta was able to grow its equity .

Watawala

Launched in 2002, Watwala is our flagship brand and remains Sri Lanka's number one tea brand, as verified by both Kantar World and Peppercube retail panels. Positioned at the heart of the mass market, with a series of back-to-back SLIM People's Choice Awards to its name, Watawala has built its reputation on reliability, consistency, and wide availability, becoming a household staple for everyday tea drinkers across the island. Watawala is now recognized as the national beverage that brings people together, with its "wata" campaign launched this year where the word "watawala" which means in circles was used to show how people always gather around and how Watawala brings them closer when they do. A campaign sketched across multiple religious, national events and consumption moments has increased the brand to an all time high equity.

Ran Kahata

An unjust irony that has come to haunt Sri Lanka's national pastime of tea drinking is that an affordable high-quality cup of tea remains out of reach for many Sri Lankans despite Ceylon tea's premium reputation. With its promise of two cups for every teaspoon, Ran Kahata seeks to address this disparity, aiming to convert consumers of loose tea into branded buyers. This value-for-money product's messaging centres on affordability and hygiene, delivering a strong, satisfying cup while addressing the quality risks associated with unpackaged tea.This year Ran Kahata embarked on a journey to emotionally capture the hearts of the value for money tea purchase decision makers- women. The campaigns that captured aspects like load balancing, attire based objectification and family planning drove the brand closer to consumers' hearts.

FY 2024-25 highlights

Our tea business recorded steady performance marked by some structural realignment during the year under review amid daunting cost pressures. The 18% VAT on branded tea proved particularly challenging, though Sunshine Consumer Lanka was able to withstand the impact, posting 3.6% year-on-year growth parallel to a notable level of volume increase. The strategic approach the consumer segment's market approach is built on served as a foundation to this performance.

Watawala, Ran Kahata, and Zesta, our three flagship brands continued to hold their stronghold on the branded market during the year under review, with each brand occupying its respective spot (one, two, and four, as previously mentioned) and collectively commanding a market share of over 50%. All three brands delivered within their categories: Watawala in the mass market, Zesta in the premium space, and Ran Kahata as a value-for-money bridge for consumers transitioning from loose tea to a higher quality product.

An important strategic consideration for the tea business in 2024-25 was absorbing the tax burden without taking a hit to our volumes. With this in mind, Sunshine Consumer Lanka introduced a modest 5% price increase during the reporting period in a bid to preserve affordability in what otherwise remains a price-sensitive, inelastic category.

Meanwhile, the broader operating environment, characterised by rising input costs and shifting consumer dynamics in the wake of multiple crises, accelerated Sunshine's shift toward long-term brand equity over short-term promotions. Marketing investments were redirected intoequity building, media nd digital visibility, onground activations and packaging upgrades. packaging upgrades, digital engagement,Media engagement and in-store visibility, particularly

The year under review was also marked by a structural milestone for the consumer goods vertical which led to increased efficiencies for the tea business: the merger of the tea and confectionery sales forces into a unified FMCG sales team. Completed ahead of schedule in the first quarter, this long overdue integration responded to shared retail touchpoints and the need for leaner, more agile execution. While initial resistance was expected from sales teams and distributors accustomed to category silos, the new model has already improved productivity, reduced redundancies, and expanded Sunshine's reach across 99+active SKUs.

Given the population's propensity for high levels of tea consumption, Sri Lanka's tea market has already been fully penetrated. Against this backdrop, Sunshine Consumer Lanka's strategic focus has shifted from expansion to substitution, increasing market share through sharper execution, consistent quality, and brand differentiation in a concerted effort to stay ahead of the curve. The business also continues to invest in product innovation, with exciting new developments in ready-to-drink teas, wellness blends, and capsule formats, all of which has helped Sunshine stay relevant in a maturing but still deeply entrenched consumer category.

With the macroeconomy showing significant signs of recovery and growth, Sunshine's tea business is cautiously optimistic for a more productive new financial year. Entering 2025-26 with a strengthened distribution model, a stable product portfolio, and clear forward momentum, we are well-positioned not just to retain our existing market leadership, but to deepen our impact on the industry.

Confectioneries

Our confectioneries business is a market leader across various product categories, with a number of iconic brands that have come to define Sri Lanka's cultural zeitgeist.

Our confectioneries business is a market leader across various product categories, with a number of iconic brands that have come to define Sri Lanka's cultural zeitgeist. Daintee, perhaps the most recognisable brand of candy in the country, remains one of our best-performing products to date. This beloved toffee, among a series of other products, is manufactured by our subsidiary Daintee Ltd, originally established in 1984 through a partnership with UK confectionery giant Barker and Dobson. Daintee is known all over Sri Lanka among generations of consumers for its assortment of candies, jellies, and toffees.

The market-leading hard toffee brand is Milady, with popular variants like Chocomint and Tamarind Toffee, holding a 54% market share. X-tra is the youth-oriented cough lozenge and center-filled gum brand that's been growing fast. Since Daintee's acquisition by Sunshine in 2020, our confectionery portfolio has expanded steadily beyond hard candy to include chocolates, wafers, and other products, strategically targeting underserved niches within the broader confectionery space.

Sunshine Consumer's confectionery arm aims to fulfill one key market proposition: providing accessible indulgences at the general trade and grocery store level. Our affordable treats have become immensely popular over the years, particularly with mass consumers. Milady Chocomint is Sri Lanka's largest-selling confectionery by volume, enjoying widespread brand recognition and boasting a remarkable track record.

Our product range in this segment is split across three core brands:

- Milady, best known for Chocomint and its wide selection of hard candies and cocoa-based chocolate products
- Daintee, which anchors the Company's jujubes, wafers, Cheweez, éclairs, lollipops, Bitz (snack), and the Daintee Hearts chocolate range
- X-tra, offering bold-flavoured toffees such as X-tra Menthol and Ginger Mints, and center-filled gums

More recently, Sunshine has been investing in select chocolate lines, particularly in the "choco" category produced using cocoa powder rather than cocoa butter. These products are currently being piloted through modern trade channels and top-performing general trade outlets, with the intention of expanding visibility and availability over time.

Underlying this broader strategy is a conscious shift away from a sales model that, until now, had leaned heavily on promotions. Now, rather than relying on trade discounts and price-offs, Sunshine is looking to invest in brand equity and in-store execution, driven by a belief that long-term consumer loyalty is best built through consistent product quality, trust, and availability. The business also remains in touch with evolving consumer preferences, most notably the growing demand for indulgent, value-added, and seasonal offerings a space that we intend to explore more keenly and aggressively through timely product innovation. Noteworthy brand-building efforts include the relaunch of the iconic Daintee Rasapena and the 6.5-foot edible gingerbread house activation that Daintee carried out last year, where children were able to touch and taste the new Daintee range in a magical setting.

FY 2024-25 highlights

The financial year under review was one of profound transformation for Sunshine's confectionery business, marked less by top-line growth and more by structural reorientation, strategic restraint, and a long-term shift in our operating philosophy. While the category recorded a double-digit decline in sales, this contraction was not altogether unexpected, following a series of deliberate decisions aimed at resetting the foundation for future growth in a category that remains highly sensitive to price, economic volatility, and shifting consumer priorities.

As previously discussed under the tea business review, the implementation of a unified FMCG sales model was central to this recalibration. It saw the once-siloed tea and confectionery sales forces merge into a single front-line operation. This move was driven both by practical overlap considering that both categories target similar trade channels and retail touchpoints and by a pressing need to build a more agile and cost-efficient sales structure. Despite some initial resistance, the integrated model has since improved operational efficiencies and enabled more consistent field execution across a relatively compact product portfolio.

At a more macro level, the confectionery category continued to grapple with constrained consumer spending, further complicated by a VAT increase from 15% to 18%. Continuing a trend from the previous financial year, which followed a period of economic calamity, Sunshine once again opted not to pass this additional cost on to consumers, choosing instead to protect affordability especially in a segment characterised by impulse buying and price sensitivity. In fact, prices were reduced for several SKUs, in what was envisioned as an intentional trade-off to preserve volume and maintain brand presence in the marketplace.

Sunshine's broader strategic shift away from promotion-heavy sales tactics also played a not-insignificant role in the top-line decline during the year under review. Rather than relying on heavy discounts or free issues to move volume, the confectionery business redirected its investments toward brand equity, packaging, and visibility a pivot aligned with a longer-term view of building sustainable consumer loyalty. This approach has already proved productive, given the nature of this particular category, where brand recognition and trust invariably drive repeat purchases.

The business unit maintained a sharp focus on its three core confectionery brands – Milady, Daintee, and X-tra – in 2024–25, while also piloting limited chocolate SKUs under the Daintee brand in modern trade and high-performing general trade outlets. The chocolate sub-category, still in its early stages, is being positioned cautiously, however, with a growing emphasis on cocoa powder-based "choco" products that are more cost-effective and accessible to Sri Lankan consumers than traditional cocoa butter chocolates.

Despite the lingering challenges of the economic crisis and its aftermath, underlying trends point to promising future opportunities for the confectionery business. Helpfully, the overall confectionery market in Sri Lanka is growing at a double-digit pace, suggesting that Sunshine's current shortfall is more a function of internal restructuring than external demand. As the business adapts to its new operating model and reorients its brand-building efforts, it is better poised to regain momentum especially if consumer incomes improve and distribution efficiencies scale further as the macro environment stabilises.

While the reporting period may not have delivered sensational headline numbers, it represented a critical inflection point for the confectionery business a year that saw Sunshine rethink its confectionery strategy, strengthen its internal capabilities, and lay the groundwork for more sustainable, innovation-led growth in the years ahead.

Export market

Our export arm, Sunshine Tea (Pvt) Ltd, is a prominent exporter of premium Ceylon tea, catering to over 80 clients across North America, Europe, the Middle East, China, and the broader Asia-Pacific region, even as we look further toward the east in a bid to expand our horizons

Our export arm, Sunshine Tea (Pvt) Ltd, is a prominent exporter of premium Ceylon tea, catering to many clients across North America, Europe, the Middle East, China, and the broader Asia-Pacific region, even as we look further toward the east in a bid to expand our horizons. The Company's export portfolio spans to many varieties of tea, including its flagship brands AvanTea, Gordon Frazer, and Teazup. The business also engages in contract packing and bulk exports, catering to a spectrum of clients under both private label and institutional arrangements. Over the years, Sunshine Tea has earned a reputation for its high-quality tea offerings, renowned as a reliable contributor to foreign exchange earnings for an import-dependent country looking to boost its external reserves position.

The Company's operations are built on a hybrid model that combines value-added exports such as branded tea bags and flavoured blends with high-volume bulk tea sales, the latter of which comprises 60-65% of our total exports. The bulk segment has seen renewed traction over the last few years responding to a steady rise in the consumption of ready-to-drink (RTD) and bubble tea beverages. Sunshine Tea is already well-embedded to this emerging supply chain, particularly in East Asia where the Company supplies Ceylon tea as a base component for RTD blends sold under various regional brands. This has allowed us to build a quiet but increasingly strong strategic presence in rapidly evolving beverage markets across China, Japan, Taiwan, and Hong Kong.

Over the last two years, Sunshine Tea has been on a newly conceptualised expansion drive targeting the Far East due in part to strong growth potential and a degree of risk mitigation observed in that region. While we still very much continue to serve legacy clients in Europe and the Middle East, our ongoing pivot to Asia makes strategic sense given that it's built on a calculated response to global market volatility and shifting consumption trends. Unlike some of their Middle Eastern counterparts, Far Eastern clients are generally seen as more reliable, with better credit terms and longstanding commercial relationships already in place, though this by no means suggests that we are compromising on our value proposition to existing markets.

Operationally, Sunshine Tea is vertically integrated and highly automated, with a highly advanced factory that handles some eight million kilogrammes of tea every year. The facility covers everything from cleaning and blending to tea bagging and packaging, supported by an in-house tea room and laboratory tailored for chemical and microbiological analysis. Meanwhile, a recent investment in warehousing has also served to consolidate the Company's logistics capabilities. What was once an outsourced function is now managed almost entirely in-house, reducing costs and tightening our control over the overall supply chain.

With more than 100 skilled personnel and an annual turnover exceeding USD 18 Mn., Sunshine Tea has emerged as a major player in Sri Lanka's tea export ecosystem. Backed by an impressive portfolio of international certifications – ISO 9001, FSSC 22000, GMP, Fair Trade, Rainforest Alliance, Halaal, SMETA, and SGP (Green rating) – our products speak to both our technical rigour and its ethical commitments.

In an increasingly commoditised market, what makes Sunshine Tea stand out is not just quality or volume, but a keenly cultivated strategic adaptability. Whether navigating the growing appeal of specialty teas or reconfiguring operations to remain cost-efficient in an economy battered by inflation, the Company remains a forward-looking exporter; one attuned to both the pulse of the global consumer and the persistent structural constraints that threaten to diminish the industry at home.

FY 2024-25 highlights

Sunshine Tea closed the 2024-25 financial year with strong topline growth, recording an 11% rise in export volumes as dollar and rupee revenue rose by 22% and 19% respectively. This was despite an appreciating rupee, which, while a welcome development on the domestic macro front, inevitably and invariably poses a challenge to any export business. Occasional fluctuations of the currency throughout the reporting period in spite of the overall appreciation also proved a hurdle but not one the business was unable to withstand. This growth, however, was driven by an unusual spike in demand for value-added products, particularly tea bags, with no corresponding increase in global consumption. We view see this as a short-term surge rather than a sustainable trend, with demand already showing signs of softening as the new financial year begins.

Operationally, the Company continued to streamline during the reporting period. A major shift was the internalisation of warehousing – up from 20% to 80% – with the installation of a new racking system for raw materials that until now had been stored off-site. This move aimed to cut costs and protect margins amid rising input expenses.

Product development remained limited during the year under review, in line with Sunshine's contract-packing model. While our own brands such as Zesta, AvanTea saw minor adaptations for markets like Ghana, innovation in 2024 was largely client-led. The vast majority of Sunshine's output continues to be bulk tea and client-branded products, accounting for roughly 60-65% of total exports.

In terms of expansion, the Far East looked increasingly promising as a growth market. Sunshine Tea deepened its presence in China, Japan, Taiwan, and Hong Kong, targeting the expanding RTD and bubble tea segments. We made concerted efforts to boost visibility for our products by taking part in major trade fairs in China; the onboarding of a regional agent marked last year also marked a renewed push for brand-building, particularly under Zesta, which Sunshine Tea now exports following Group-level integration.

In marked contrast to this, challenges continued to plague traditional markets. In Iran, for instance, where an oil-for-tea programme continues, payment cycles stretch up to six months, straining exporter cash flow. Russia remains constrained by geopolitical and financial restrictions. Meanwhile, the Middle East still consumes black tea, but overall worldwide demand growth for a strong cuppa is tepid compared to the global shift toward herbal, flavoured, and RTD teas.

In terms of the overall health of the industry, tea production in Sri Lanka remained subdued during the 2024-25 financial year. National output rose by a mere 2%, well below Tea Board forecasts of 7-8%. Weather conditions, the lagging effects of the 2022 fertiliser ban – which had proved calamitous to the entire trade – labour shortages, and low replanting rates all contributed to what remained a dismal domestic picture. With constrained supply, even well-positioned exporters face a ceiling on how much they can scale, which does not bode well for the export sector as a whole in light of growing concerns about a global recession.

On the policy front, even as the economy promises to grow sustainably following the remarkably rapid recovery over the past two years, looming fiscal changes, the removal of the simplified value added tax (SVAT), and possible changes to VAT deferments pose some challenges worth preparing for. Resultant macro developments are likely to tighten cash flows and increase financial costs for exporters already grappling with global price pressures and stiff competition from lower-cost producers such as India and Kenya.

Sunshine Tea's performance during the reporting period was not merely a response to market opportunity but a show of strategic restraint. Capitalising on demand shifts, the business tightened operations and laid the groundwork for long-term regional expansion, particularly in Asia and Africa, without venturing too deep into uncertain terrain. In many ways, 2024-25 was a year defined less by exuberance than by quiet recalibration, with Sunshine Tea emerging as a steady hand in a turbulent trade.

Our Agribusiness segment comprises cultivation, agricultural processing, and dairy farming. Sunshine's signature palm oil venture, operated by our subsidiary Watawala Plantations PLC, a listed entity of its own, remains the one of the business in South Asia to hold Roundtable on Sustainable Palm Oil (RSPO) certification. Palm oil remains the primary revenue contributor for Agribusiness, though the segment also holds a substantial dairy interest as well as a number of minor crops that also contribute to Group revenue, albeit at a smaller scale.

Overview

As of March 2025, Agribusiness is the Group's third largest revenue stream, contributing Rs. 7.9 Bn. The segment comprises two primary upstream operations: oil palm cultivation and dairy farming, both of which had been thoroughly tested over the past several years, virtually brought to a near standstill by multiple crises: from a nationwide ban on inorganic fertiliser to a crippling feed shortages in the wake of the 2022 economic meltdown.

Revanue

Rs. 6.8 Bn.

PALM OIL

Watawala Plantations PLC

Upstream plantation and mill selling crude palm oil to refiners and local brands.

Revanue

Rs. 1.2 Bn.

DAIRY FARMING

Lonach Dairy Ltd.

Upstream farm with 750 milking cows and an automated milking parlour selling fresh milk at the farm gate to local brands

Having weathered these back-to-back storms, among a number of other issues, the Agribusiness segment saw a welcome rebound in 2023, recording exceptional recovery, a momentum that continued during the 2024-25 financial year. Both business units recorded measurable improvements in operational stability, supported by targeted agronomic interventions, cost control, and adaptive strategy, setting the stage for sustainable growth.

Advancing sustainability

It bears emphasis that these outcomes were not incidental but the result of a Group-wide calculated push to align with global best practices. Watawala's own environmental agenda, informed by a commitment to sustainability, is facilitated through rigorous environmental protocols. These include red-banding of trees near waterways, stream buffer monitoring, and the systematic use of treated wastewater and empty fruit bunches in place of chemical fertiliser. Greenhouse gas emissions are also tracked, and fossil fuel use is minimised through a biomass-driven energy model that repurposes mill byproducts into both heat and electricity.

Social integration also figures prominently in our pursuit of sustainable growth. From transport for schoolchildren and medical outreach to the maintenance of public infrastructure and income-generation opportunities for local villagers, Watawala Plantations' social footprint extends far beyond compliance, with many of these efforts leading to a reduced risk of community tensions that may lead to strikes or protests.

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Palm oil

The only South Asian plantation to earn RSPO certification, our oil palm business is widely regarded as a model for sustainable, socially responsible oil palm cultivation

Generating over Rs. 6.8 Bn. for the Group every year, our oil palm operations – managed by Watawala Plantations PLC – span 3,393 hectares, supported by a single integrated mill. While the plantation portfolio includes rubber, tea, cinnamon, and coconut, these remain minor in scale and strategic focus relative to palm oil.

Watawala Plantations PLC, a joint venture between Sunshine Holdings PLC and Pyramid Wilmar Plantations, manages our palm oil business, which may be considered the backbone of the Agribusiness segment. The business operates Sri Lanka's largest and, arguably, most efficient palm oil mill, producing crude palm oil (CPO), palm kernel oil (PKO), and palm kernel cake. With sustainability at the forefront of our strategic focus, over 95% of the mill's energy demand is met through biomass generated from processing by-products, helping Sunshine maintain the pace of the Group's decarbonisation journey.

The one of the South Asian plantation to earn RSPO certification, our oil palm business is widely regarded as a model for sustainable, socially responsible oil palm cultivation. The ISO 45001 accreditation for worker safety is another cap in its feather, as Watawala sets the standard in both environmental and operational performance.

The plantation employs over 1,500 workers in international best practices, working in different capacities across the Company's 3,393 hectares. In the 2024-25 financial year, it supplied over 15,000 MT of palm oil to six local refiners and brands, accounting for roughly 50% of the country's total production.

While no crop is without an environmental cost, oil palm's relatively shallow root system limits its draw on groundwater, consuming less than tea, rubber, or coconut. This notwithstanding, Watala Plantations conducts regular environmental assessments, including water table monitoring and freshwater stream testing, to ensure compliance and mitigate risk, especially given the climate of intense scrutiny around oil palm.

Meanwhile, treated wastewater from the Nakiyadeniya mill is repurposed for field application, reducing chemical fertiliser use. It is a point of pride for Watwala that steam from the palm oil unit's biomass byproducts (shell, and fibre) powers boilers to generate steam required for milling and run turbines that meet 90% – 95% of the mill's energy needs, cutting fossil fuel reliance and emissions significantly.

The ban on oil palm replanting and new cultivation has remained, with some speculation over recent years that its lifting was imminent. Nevertheless, Watawala is poised to scale rapidly, having invested ahead of the curve in nurseries and infrastructure. Should the ban be lifted, as anticipated, the business intends to intensify its focus on palm oil while scaling back diversification into other crops, except cinnamon, which remains strategically relevant, though at lower yields.

FY 2024-25 highlights

Watawala Plantations' palm oil operations saw continued strengthening in 2024-25, with yield improvements remaining on track and fresh fruit bunch (FFB) output rising to 16 metric tons per hectare. These developments were driven by ongoing agronomic interventions, including pruning, field access improvements, and the systematic clearing of underperforming blocks. Extraction rates also recorded an uptick, reaching 24.4%, up from 23.7% in prior years – gains that speak to not just our exemplary operational discipline but also the impact of refined harvesting protocols and technical input from Malaysian agronomy consultants.

Energy self-sufficiency continued to advance meaningfully during the year under review. Over 95% of the mill's energy demand was met through biomass generated from palm byproducts such as shell and fibre, providing the business a keen sense of energy independence. Steam generated from this biomass is now used to power in-house turbines, covering roughly 30% of the facility's electricity needs. These systems have further reduced reliance on fossil fuels and grid power, advancing the Group's broader decarbonisation agenda.

Environmental safeguards were deepened across the estates in 2024-25. Treated wastewater from the Nakiyadeniya mill was reused in the fields, reducing chemical fertiliser use while maintaining compliance with COD/BOD discharge thresholds. Fertiliser application remained restricted in riparian zones, with red-banded demarcations and regular water table monitoring ensuring minimal ecological disruption.

Community engagement also remained central to Watawala's operating outlook. The company continued to provide school transport, medical outreach, and road maintenance services while offering local contracting opportunities for activities such as FFB transport. These initiatives have not only fostered trust but also contributed to workforce stability in a context where plantation labour relations remain fragile.

While the national ban on oil palm replanting and new cultivation remained in place, the business sustained forward momentum through pre-emptive nursery investments and ongoing engagement with policymakers. Post-election dialogue has also given rise to cautious optimism, that has the business anticipating with quiet eagerness a lift to the ongoing ban.

Dairy

Comprising approximately 1,600 animals at present, our herd includes over 750 highyielding milking cows; all of them crossbreeds originally sourced from Australia and New Zealand

Our Rs. 1.2 Bn. dairy business, operated by Lonach Dairy Ltd, accounts for roughly 1.5% of Sri Lanka's total milk production. This may seem a modest figure at first glance, but it carries weight considering that more than half of Sri Lanka's dairy needs are still met through imports. Recognising this gap for the opportunity that it is, Lonach Dairy has set out to expand its market horizon within Sri Lanka, making a meaningful contribution to the nation's long-elusive goal of dairy self-sufficiency.

Comprising approximately 1,600 animals at present, our herd includes over 700 high-yielding milking cows; all of them crossbreeds originally sourced from Australia and New Zealand. With an annual output of around five million litres of fresh milk, Lonach supplies such major clients as Kotmale, Nestlé, and Maliban. The milk itself commands a premium, due in part to its higher fat content compared to industry averages.

Animal welfare is a central tenet of our business outlook, with our operations anchored in ethical, data-driven husbandry. The farm uses a fully automated Dairymaster milking parlour imported from Ireland, equipped with sensors that monitor each cow's temperature, feeding behaviour, rumination, and rest cycles. While this granular visibility serves to boost productivity, it reflects a deeper commitment to sustainable practice and the well-being of our herd. Composting and organic fertiliser generation from dairy waste also integrate the operation into the group's circular resource strategy, which proves especially valuable during periods of synthetic fertiliser scarcity.

Although the business currently operates near break-even – constrained as it is by fluctuating demand and increased competition from imported milk powder – it remains a strategic pillar for the Group in its pursuit of sustainable growth.

FY 2024-25 highlights

The 2024-25 financial year saw Lonach Dairy make a concerted effort to recalibrate its operations, a strategy that certainly paid off, demonstrating the business unit's resilience against unrelenting odds. Though topline growth remained subdued throughout the period, the dairy business held its ground in a market that proved increasingly volatile. Having weathered cost pressures, a shift in consumer demand, and heightened competition from milk powder imports over the past several years, the reporting period proved constructive in many ways. Performance remained steady, if not quite spectacular, in a period marked by tempered demand.

Revenue stabilised during the reporting period amid a still fragile macroeconomic backdrop, and while profitability stayed at break-even, the fundamentals of the business quietly strengthened beneath the surface, which we consider a significant win.

Milk production held firm at approximately five million litres, thanks to our 700-strong milking cow herd, while yield per cow remained consistent at 18 to 19 litres per day, in a nod to our sound herd management efforts and nutritional protocols.

However, profitability remained thin, hovering at break-even for much of the reporting period. We can, however, take solace in the fact that this was a reflection not of operational inefficiency but of macroeconomic headwinds far beyond the farm gate. Demand for fresh milk softened further during the year under review as household purchasing power continued to lag despite some macro-level stability, while the return of imported milk powder – no longer hindered by pandemic-era restrictions and exchange rate volatility – exerted downward pressure on domestic prices, prompting more consumers to opt for powdered milk. Even so, better feed sourcing and a release of high-cost inventory from previous years helped offset what might've been an unhelpful trend of margin compression. A modest profit was projected for the fiscal year, speaking to the sheer resilience of the operation.

On the sustainability front, the farm continued to invest in ethical, data-driven herd management. Our state-of-the-art Dairymaster milking system remained central to daily operations, while a suite of animal welfare sensors enabled proactive monitoring of feeding, temperature, and behaviour, advancing both productivity and well-being.

Looking ahead, expansion is on the cards, though approached with an advisable degree of caution. While downstream processing remains a possibility in the long run, our focus for the time being is on collaborative models rather than heavy infrastructure investments. Sri Lanka's dependency on dairy imports is not just a trade imbalance; it's a structural gap waiting to be filled. Lonach Dairy Ltd intends to be part of that solution, but on disciplined, sustainable terms with the well-being of both the nation and the Group at heart.

OUR VALUE CREATION

OPERATING ENVIRONMENT

Having sufficiently recovered from an unprecedented crisis that engulfed all aspects of life, Sunshine Holdings PLC's outlook for 2024-25 was to draw from the resilience of the national economy and channel that momentum into disciplined growth, operational focus, and long-term value creation across the Group's core segments. Thus, our strategic focus for the financial year remained sharply on consolidation. During the reporting period, Sunshine's strategy continued to be rooted in its four enablers: innovation, focus, synergy, and sustainability, principles underpinning our evolution from a legacy family enterprise into a 21st-century, purpose-driven conglomerate whose interests align with those of the nation itself. Our six parenting functions – namely, governance, risk management, finance, human resources, information technology, and sustainability – continued to be central to this journey of growth, all the while allowing the Group to balance decentralised sectoral agility with disciplined, centralised oversight.

Macro picture

Global

The world economy entered the reporting period on uncertain footing, to say the least, shaped as it was by competing crosscurrents of recovery and volatility. Though inflationary pressures have largely eased by now across major markets, monetary policy remains tight worldwide, with interest rates likely to stay elevated longer than previously anticipated. Sluggish growth in Europe, continued weakness in China, and lingering geopolitical fractures – from the protracted war in Ukraine to escalating tensions between the US and China, particularly in light of a looming trade war – weigh on global trade flows and investor sentiment. Against this backdrop, emerging markets in Asia provide some cause for optimism, with regional growth underpinned by rising domestic demand and a more noticeable degree of supply chain diversification. The global environment presents a mixed picture to Sri Lankan exporters, however, with stabilising input costs and softening freight rates on one hand, tempered by muted consumer spending in some traditional export markets on the other.

Domestic

At home, Sri Lanka's macro trajectory in 2024-25 was and continues to be shaped by the post-crisis recovery cycle and the fiscal discipline instilled by the ongoing IMF programme. Headline inflation at present is a far cry from the 70% peak of 2022, having receded dramatically over the past two years. The rupee, too, has stabilised, while interest rates remain on a downward path. These developments have collectively served to restore a measure of much-needed predictability to the operating environment. Yet, beneath this stabilisation, welcome though it is, lies a fragile equilibrium. Fiscal pressures persist, with taxation – particularly VAT – continuing to heavily impact household spending power and business margins alike. Private credit growth, while showing early signs of revival, remains critical for broader demand recovery, which is still at some distance, though not altogether elusive. Meanwhile, political uncertainty in an election year added yet another layer of complexity, though it transpired that Sri Lanka would stay the course of structural reform with no major policy departures from the IMF- led framework despite a change in government, which has led to further stability. Going into 2025-26, for businesses including our own, the outlook remains one of cautious optimism. While growth is gradually returning, so, too, is competition; success will depend entirely on operational resilience, pricing discipline, and strategic adaptability.

Within this stabilising yet fragile macroeconomic context, the Group's strategy remained grounded in consolidation and operational resilience, with targeted growth only where structural readiness allowed.

The Group's strategy is built on four pivotal elements: innovation, focus, synergy, and sustainability. These strategic enablers are driven by six distinct parenting functions, serving as a centralised framework to create maximum value across our nine individual business units through everyday operations and an overarching holding strategy, within which the six parenting functions operate.

GROUP STRATEGY

Strategic enablers

Focus

2024-25 was a year of strategic consolidation, with Sunshine maintaining its commitment to focus on healthcare, consumer goods, and agribusiness. Capital and leadership bandwidth were directed toward scaling manufacturing capacity, improving operational efficiency, and strengthening market presence across these core sectors.

Synergy

The Group's shared services model – spanning governance, risk, finance, IT, HR, and sustainability – continued to drive alignment and efficiency across business units. Structural consolidation and balance sheet strengthening supported agile capital allocation and clearer strategic execution.

Sustainability

Sunshine advanced its ESG agenda in 2024-25 through a structured gap assessment and readiness work for IFRS S1 and S2 compliance. The Group remains committed to embedding sustainability into decision-making and risk management as a cornerstone of long-term resilience and stakeholder trust.

Innovation

Innovation remained a key enabler of Sunshine's growth agenda, with focus on capacity expansion, operational streamlining, and digital readiness. The Group prioritised efficiency-led innovation, strengthening competitiveness in an evolving market landscape. Digital readiness and process optimisation also remained central to the Group's innovation agenda in 2024-25, with investments in systems integration, analytics, and capacity building to support long-term competitiveness.

Group parenting functions

Governance

Governance takes the form of independent boards, an Audit Committee, an Investment Committee, Remuneration Committee and Risk Committee, all of which come under the central Sunshine Holdings Board of Directors which appoints the boards of each respective company. High calibre Independent Directors of the Holding board also sit on the subsidiary boards.

Risk management

Risk assessment is done centrally at the Group level for all business segments. A risk management system developed with the consultation of the Audit Committee and Risk Review Committee is also implemented across the Group. Headline risks including political/regulatory risks, external risks, strategic risks and business risks are all assessed and managed by this committee.

Finance

Finance's parenting function in our group is crucial for establishing financial policies, resource allocation, risk management, and performance evaluation. It ensures consistency, transparency, and optimal utilisation of financial resources across subsidiaries, fostering growth and strategic alignment. By effectively fulfilling these roles, our finance function supports the Group's financial stability, accountability, and overall success.

Human resources

The Group runs a centralised HR operation as it was decided early on to achieve cost synergies by using centralised talent. A majority of functions universally applicable across all strategic business units are centrally managed, with individual HR units also overseeing human capital related matters at the business unit level.

Information Technology

The Group's information infrastructure is primarily cloud-based, across each business unit, including Enterprise Resource Planning (ERP) systems. All businesses utilise data and analytics resources in a shared service model that is run centrally for cost sharing purposes.

Strategic outlook in 2024-25

Consolidation and clarity in structure

Whereas the fiscal year 2023-24 saw selective expansion, the year under review was defined by a concerted effort towards consolidation and strategic realignment. A series of structural reforms served to simplify legal entities, harmonise shareholdings, and strengthen balance sheets across our core businesses. Perhaps the most notable of these reforms was the streamlining of the pharma manufacturing arm into a single, majority-controlled entity. The consumer segment, meanwhile, with its various units, was also unified under one legal structure. Fully disclosed to the Colombo Stock Exchange (CSE), these changes reflect a decidedly disciplined approach to corporate architecture, taken with a view to delivering long-term resilience and facilitate capital efficiency.

At the Group level, Sunshine continued to operate as an investment holding company in 2024-25, orchestrating value creation through the Group's interests in healthcare, consumer goods, and agribusiness, with assets such as land leased back to operating units where strategically optimal.

Focused growth amid selective expansion

Though consolidation was the focal point during much of the year, targeted growth initiatives remained a hallmark of the Group's strategy in 2024-25. Most significantly, we secured a landmark equity infusion of approximately USD 11 Mn. from the International Finance Corporation (IFC) in October 2024 through the divestiture of a minority stake in the consumer business. This growth capital was channelled into expanding pharma manufacturing, particularly in the inhalers product segment, where Sunshine remains Sri Lanka's sole domestic producer. For the first time in the Group's history, Sunshine was able to fulfil the entirety of the state health sector's requirement for dry powder inhalers in 2024, a milestone in advancing the national import substitution agenda, which also served to position Sunshine's manufacturing business for future scale including contract manufacturing for the private sector.

In conjunction with these efforts, operational improvements were also gradually introduced throughout the reporting period, most notably in the consumer segment. Sales teams in tea and confectionery who had previously worked in isolation were integrated in 2024-25 to drive up efficiency and margin improvement. Though it was not without some short-term challenges, this transformation, long overdue, showed early signs of operational stability which are now emerging at the time of preparing this report.

Centralised direction, decentralised execution

Sunshine's six parenting functions continued to provide the backbone for coordinated execution in 2024-25. Finance led capital structure optimisation throughout the year and worked closely with the Board to align leverage with prudent risk appetite, while Information Technology advanced digitalisation efforts building on the ERP and cloud-first architecture outlined in FY24. Human Resources focused on leadership development and succession planning, while Sustainability formalised ESG data capture to meet forthcoming SLFRS S1 and S2 disclosure mandates. Governance and Risk Management, meanwhile, reinforced the Group's culture of compliance and transparency, ensuring that operational decision-making remained intertwined with strategic intent.

Navigating a stabilising but uncertain environment

The macroeconomic backdrop in 2024-25 provided both opportunities and constraints for the Group. Rising private credit growth and a rebound in consumer spending meant there was some room for cautious optimism, with with white goods and mass-market FMCG categories showing signs of pent-up demand. At the same time, global volatility, from trade tensions to shifting supply chains, required a flexible, risk-aware approach. In light of this, Sunshine continued its eastward diversification in tea exports, gradually reducing exposure to the Middle East and Russia while building volumes in China and Japan in line with our three-year strategy.

Domestically, as mentioned previously, the year's political transition prompted a prudent, "wait and see" approach. With Sri Lanka's ongoing commitment to IMF-supported reforms, the policy environment remained largely stable, enabling the Group to focus on execution rather than contingency planning.

Regulatory and ESG responsiveness

In healthcare, the Group continued to navigate complex regulatory headwinds, notably price controls on essential pharmaceuticals that remain decoupled from currency realities. During the reporting period, Sunshine absorbed significant cost shocks, participated in industry-level legal interventions, and engaged with global principals to secure sustainable supply. While some international brands withdrew, generics remained available, ensuring continued market presence.

On the ESG front, sustainability continued to move from implicit practice to explicit reporting. While social engagement and governance excellence have long been embedded in Sunshine's culture, the new reporting era – driven by SLFRS S1 and S2 – prompted a formalisation of metrics, processes, and disclosures. Work is underway to align data capture and reporting systems, with the Group poised to meet compliance requirements for top-100 listed companies in the upcoming reporting cycle.

THE ROAD TO ACCOUNTABILITY IN SUSTAINABILITY DISCLOSURE

A strategic imperative, not a compliance footnote

The ongoing global shift toward a more unified, standardised approach to sustainability reporting has made it abundantly clear that environmental and social accountability is no longer optional for any leading organisation. It is, in numerous ways, demonstrably foundational to business resilience, risk management, and investor trust. With this in mind, Sunshine Holdings PLC has initiated a structured adoption pathway for IFRS S1 and S2, the sustainability and climate disclosure standards introduced by the International Sustainability Standards Board (ISSB), effective from 1 January 2025. These standards have been formally adopted in Sri Lanka by CA Sri Lanka as part of the SLFRS Sustainability Disclosure Standards, further highlighting the Group's alignment with both global expectations and national regulatory mandates.

Being a listed diversified conglomerate operating across multiple climate-sensitive and regulation-intensive sectors, Sunshine, keenly aware of its role as a market-shaping institution, recognises the strategic value of embedding these standards early, not simply to meet expectations, but to shape how value is created, preserved, and communicated.

2024-25: A turning point

The period reviewed in this integrated report saw Sunshine make significant headway in its sustainability disclosure journey. At the outset, the Group undertook a formal gap analysis, ably supported by Deloitte, to assess its disclosure readiness against the ISSB's requirements. To support implementation, a cross-functional working group comprising representatives from Finance, Sustainability, HR, and Risk will be established to coordinate efforts across the Group. This exercise helped us understand that, while we're certainly not starting from scratch, full compliance will take more work, requiring systemic effort, particularly in the areas of climate data, scenario modelling, and value chain metrics.

What is already in place, to be sure, is a robust governance infrastructure. To illustrate, oversight of ESG performance takes place at the Board level through a Risk Committee whose mandate now formally includes sustainability-related risks. On the operational side of things, as a next step, cross-functional collaboration between Finance, HR, and business units will help mainstream ESG thinking into planning, performance, and reporting cycles. The Remuneration Committee, meanwhile, will evaluate how ESG KPIs could be tied to executive compensation, an important signal of internal alignment and Board-level commitment.

From strategy to action

Sunshine's ESG approach is not isolated from its core business model but is, rather, interwoven into strategy and operational execution. Sustainability has been long identified as one of four strategic enablers for the Group, alongside synergy, focus, and innovation. In practice, this translates into tangible outcomes across our three verticals:

- In Agribusiness, ESG priorities are reflected in replanting strategies, RSPO-certified operations, and early-stage climate resilience planning.
- In Healthcare, investments in local manufacturing address both access to medicine and import substitution, a key supply-chain risk mitigant.
- In the Consumer Goods segment, solar-powered logistics and sustainable packaging solutions are being rolled out as part of an integrated decarbonisation push.

These business-unit level actions are now being formalised through a governance lens, informed by stakeholder engagement exercises, internal risk registers, annual ESG materiality reviews, and emerging climate compliance obligations that are being mapped against operational risks and opportunities.

Disclosure gap

While strategic alignment is progressing, measurable disclosure, especially on climate, remains an area of ongoing development. The Group currently tracks several operational indicators, including energy consumption, safety metrics, and workforce composition. However, a formal GHG emissions inventory is still under development, and Scope 1, 2, and 3 emissions are yet to be published.

Scenario analysis, a core component of SLFRS S2, is also at an early stage. Although Sunshine has begun to map transition and physical risks qualitatively across its segments, alignment with international scenario pathways, such as those outlined by the Network for Greening the Financial System (NGFS) or the International Energy Agency (IEA), is still under evaluation.

The first-year focus, therefore, is not full disclosure, but credible groundwork, prioritising the creation of internal controls, assurance pathways, and data systems that will support consistent reporting from 2025 onwards.

A pragmatic first-year

In line with transitional reliefs provided under SLFRS S1 and S2, Sunshine will adopt the standards in its 2024-25 reporting cycle with certain exemptions. These include the omission of comparative sustainability disclosures from the 2023-24 fiscal year and limited climate-related metrics where underlying systems are not yet fully operational. This staggered approach allows the Group to uphold the integrity of its disclosures without overextending capacity or introducing unreliable data.

Roadmap to full adoption

It bears repeating that credible sustainability disclosure is not a one-off compliance task but an institutional shift – one that requires governance alignment, operational discipline, and cultural buy-in across the organisation. To this end, the Group has outlined a pragmatic, phased roadmap to ensure compliance with SLFRS S1 and S2 by the end of FY 2025-26.

- Q1 2025-26 will be devoted to aligning internal governance structures with the demands of SLFRS, while undertaking a comprehensive sustainability risk assessment across business units. This initial phase will set the tone for what follows, ensuring that oversight is clearly assigned and risk is properly surfaced.
- Q2 2025-26 will focus on the build-out of data infrastructure to support reliable measurement specifically, systems to capture Scope 1 and Scope 2 greenhouse gas emissions. Accuracy, consistency, and auditability will be key.
- Q3 2025-26 will prioritise internal capacity building. Senior management and the Board will participate in targeted training to deepen their understanding of SLFRS disclosure requirements and assurance expectations.
- Q4 2025-26 will see a formal readiness review, an internal audit of sustainability-related disclosures to test the strength of reporting systems and surface any gaps before moving toward external assurance.

Board oversight and commitment going forward

Our Board of Directors remains closely engaged with the SLFRS S1/S2 readiness programme, viewing sustainability reporting not as a footnote to financial performance reporting, but as an evolving mechanism for strategic clarity and risk foresight. As assurance expectations rise and disclosure standards mature, Sunshine is positioning itself not merely to comply, but to lead through disclosure that is disciplined, constructive, and adequately reflective of long-term value creation.

MANAGEMENT DISCUSSION AND ANALYSIS

DIGITALISATION

Group IT : Powering Performance, Enabling Transformation

At Sunshine Holdings, technology is far more than a support function it is a core enabler of how we operate, innovate, and grow. IT and Digital function, led by our Group Chief Digital Officer, integrates the rigour of day-to-day IT operations with the dynamism of digital innovation to deliver business value at every level. This dual-focus structure enables us to tailor technology solutions to the unique needs of each business unit, while maintaining consistent governance, security, and excellence across the Group.

Enabling Business Through Technology

The IT function plays a foundational role in managing our infrastructure, cybersecurity, network connectivity, ERP systems, and core applications. This robust backbone ensures business continuity while setting the stage for digital acceleration. Our approach is grounded in practical impact—pairing stable IT operations with transformative digital initiatives to solve real business problems. By co-creating solutions with all nine business units, we ensure that technology investments deliver measurable outcomes in performance, productivity, and customer experience. At the core of this effort is a dual engine of traditional IT and digital transformation where foundational IT capabilities are seamlessly integrated with roles in process improvement, data analytics, and project delivery to accelerate innovation and business impact.

2024/25: A Year of Digital Progress

During the year under review, we advanced several key digital projects focused on demand planning, improving sales productivity, and driving better customer engagement. The digital function worked closely with the Finance team to optimise our ERP systems, ensuring they are fully leveraged to align with business goals. These efforts reflect our philosophy of delivering value through smart, integrated digital capabilities.

Cloud-first, data-driven

Our ongoing shift to the cloud continued to shape our digital trajectory, reinforcing Sunshine's agility and resilience. Strategic investments in business intelligence (BI) tools delivered real-time dashboards, enabling sharper decisions through better visibility into sales, inventory, and profitability metrics. Additionally, machine learning capabilities were embedded into our data platforms empowering proactive customer engagement and fulfilment strategies.

Strengthening Cyber Resilience

Security is a non-negotiable pillar of our digital foundation. With our Zero Trust architecture spanning identity, devices, networks, applications, and data, we have institutionalised a proactive cybersecurity posture. Measures such as end-user protection, real-time threat detection, and data loss prevention are now standardised across the Group. We are pleased to report zero major cybersecurity incidents during the reporting period, a testament to our vigilance and investment in cyber resilience.

Embracing the Future with AI

FY 2024/25 marked the beginning of our AI journey, with tools like ChatGPT and Microsoft Copilot introduced across several business units. These AI solutions have started reshaping how teams work automating repetitive tasks, accelerating data analysis, and freeing up time for strategic thinking. While we are at the early stages, initial results are promising and pave the way for deeper AI integration across our operations.

Cultivating a Digital-First Mindset

One of the biggest challenges in digital transformation isn't technology it's mindset. At Sunshine, we've dedicated significant resources to change management through ERP training, process redesign, and creating space for experimentation. This has fostered a culture that is increasingly innovation-driven, especially among our younger teams. However, embedding digital thinking across the broader organization remains an ongoing mission, requiring continuous reinforcement and leadership.

Looking Ahead

Technology will remain central to Sunshine's future strategy. We are actively exploring new platforms, cloud-native tools, and AI solutions to deepen our digital edge. As we look ahead, our focus remains on building a resilient, agile, and future-ready enterprise where technology empowers every function, every decision, and every customer experience.

MANUFACTURED CAPITAL

Sunshine's manufactured capital makes up the physical and operational backbone of the Group, allowing our businesses to deliver on their promise of access, efficiency, and quality across all three core segments. From advanced production lines to digitally integrated distribution systems, our investments during the 2024-25 financial year were motivated by a single, clear imperative to build resilient, scalable infrastructure capable of supporting long-term value creation.

Strategic role and segmental deployment

Our manufactured capital is much more than a fixed asset base; it is, at its core, a source of operational leverage and innovation. This is true across all three verticals of the Group: Healthcare, Consumer Goods, and Agribusiness.

In the Healthcare segment, Lina Manufacturing continued to be the he primary holder of our high-value infrastructure, where asset renewal and digital enhancement closely align with regulatory readiness, supply chain agility, and sustainable growth. Consumer and Agribusiness, meanwhile, continued to benefit from shared warehousing and logistics infrastructure, as well as upstream process optimisation made possible by Group-wide digital systems and supply chain platforms.

Asset base and capacity upgrades

The year under review saw a continuation of our capital investment programme, particularly within pharma manufacturing, with new machines and process improvements across the metered dose inhaler (MDI), tablet, capsule, nasal spray, and cream product lines. These included:

- A new MDI filling and crimping machine sourced from DH Industries, a UK-based industry pioneer, strengthening capacity for aerosol-based therapies
- Capsule line upgrades including two empty capsule sorters to improve process yield and reduce material waste, in addition a 3D mixer from WAB, Switzerland
- Significant enhancement to quality control capabilities with new analytical instruments, such as additional HPLC machines, a fluorescence detector, and upgraded microbial testing infrastructure, expanding our capacity to support higher production volumes under the 3X automation project

Energy-efficient utilities and plant-wide systems including ISO-classified cleanrooms and compressed air systems, purified water systems, and variable frequency drive (VFD) compressors continued to support operational resilience in 2024-25 while mitigating energy intensity.

Digitalisation and process automation

Perhaps the most notable digital milestone during the reporting period was the completion of Project Light, a strategic SAP amalgamation initiative that unified Lina Manufacturing and Lina Spiro into a single enterprise resource planning (ERP) ecosystem, a transition that marked a shift in digital maturity, paving the way for standardised workflows, master data governance, batch-level traceability, and audit-ready reporting. Functional enhancements have also strengthened compliance, financial control, and operational discipline, laying the groundwork for further automation, preventive maintenance, and future integrations with lab systems and document management platforms.

Efficiency and sustainability metrics

Despite a 40% year-on-year increase in production volumes, Lina Manufacturing recorded a 240,000 kWh reduction in total energy consumption during the reporting period, translating to cost savings of Rs. 6.9 Mn. These outcomes were made possible by:

- Installation of desiccant wheels for dehumidifiers, which were once the plant's most energy-intensive units
- Deployment of VFD-driven compressors across Block A, where multiple production lines operate
- Temperature and humidity optimisation of air-handling unit (AHU) systems, which account for over 60% of site-level energy use

In logistics, route optimisation algorithms helped reduce fuel consumption and emissions across Healthguard and MSD delivery routes. We also strengthened fleet maintenance protocols and encouraged logistics partners to upgrade to more fuel-efficient vehicles.

Lean manufacturing and operational excellence

Our lean journey, embedded in the Lina Production System (LPS), continued to deliver transformative impact in 2024-25. Grounded in Lean Six Sigma and structured around eight operational pillars, the LPS framework has improved process discipline, enhanced frontline leadership, and created a culture of problem-solving. Major initiatives such as Project 20/20, Optipak, and Timetrim yielded a 48.6% increase in MDI filling and packing capacity, ensuring our ability to meet local therapeutic demand. Recognition at the 2024 CPM Best Management Practices Awards also affirmed our status as an industry leader in operational efficiency.

Regulatory compliance and environmental impact

In line with our commitment to responsible sourcing, in 2024-25, we continued to monitor and comply with national quotas and certification requirements under the Kigali Amendment to the Montreal Protocol. Our handling and storage infrastructure for HFA 134a, an essential propellant in MDI manufacturing, remained fully compliant with Sri Lanka's National Ozone Unit regulations. We are also actively evaluating infrastructure requirements to support a potential transition to low-Global Warming Potential (GWP) alternatives, in line with global decarbonisation goals.

Though our facilities are not yet certified under formal green building frameworks, we routinely conduct Environmental Impact Assessments as required, and all expansions adhere to local regulatory standards. Ecosystem disruption is minimised through proactive land-use planning and engagement with local authorities.

Manufactured capital in the supply chain

A vital enabler of product integrity and service reliability, Sunshine's warehousing and distribution infrastructure facilities, managed both in-house and through third-party logistics partners, are GDP-compliant and equipped with temperature-controlled zones to safeguard pharmaceuticals and food products. Material handling systems, ranging from electric forklifts to automated pallet stackers, are, at the time of compiling this report, being upgraded for both sustainability and operational safety.

Looking ahead, our supply chain roadmap includes:

- Expansion of cold chain infrastructure with automation capabilities
- Enhanced storage systems for regulated substances like HFA 134a
- Integration of digital monitoring for real-time visibility across the distribution cycle

Future outlook

Sunshine's manufactured capital strategy is built on the time-tested principles of resilience, efficiency, and future readiness. As we deepen our investment in digitisation, lean systems, and clean technologies, our asset base will no doubt continue to evolve, not just as a source of operational capacity, but as a driver of sustainability, regulatory leadership, and long-term competitive advantage.

Being a diversified conglomerate with interests in a number of disparate industries, Sunshine Holdings is keenly aware of the role its human capital plays. Our people not only enable the Group's long-term value creation agenda but also drive national growth, contributing to the success of our various growth-driving businesses. Our people strategy is about helping our teams thrive in a high-performance culture, all the while staying connected to a shared sense of purpose, so that they're ready for whatever may come next.

Our core values of Trust, Perseverance, Responsibility, Innovation, and Integrity guide our decisions, shape our behaviors, and foster a culture where individuals grow, teams succeed, and the organisation as a whole moves forward with clarity and confidence.

Sunshine's human capital strategy emphasises leadership development, workforce capability, inclusivity, wellbeing, and performance alignment. These objectives are integrated into strategic planning, risk, governance, and operational execution across all nine business units.

Workforce profile

Employee distribution across business units:

Business unit	Employee count
SUN	73
HGD	312
HGR	113
LML	129
SCB	306
SHP	477
SMD	120
SST	101
LDL	54
WPL	224
Total	1,909

The Group's total workforce of 1,909 employees comprises 82% men and 18% women. Of all new hires in the financial year 2024-25, 23% were women. Female representation in senior management includes one each in Bands 1 and 3, and five in Band 4.

Contract and third-party workers were also engaged across several business units, including 35 in HGD, 37 in HGR, 38 in LML, 201 in SCB, and 210 in SST. Collective bargaining agreements are in place at Watawala Plantations.

Total new recruits during the reporting period were 77% men and 23% women, while a retention rate of 80% was maintained with a voluntary turnover of 20%.

Leadership development and succession

Leadership continuity is a strategic priority at Sunshine Holdings. We actively develop internal talent pipelines, with many C-suite leaders emerging through cross-functional movements across the Group.

Our approach to succession planning is driven by structured assessments and tailored development plans, ensuring alignment with business continuity goals and the unique leadership needs of each sector.

HR governance

Sunshine operates a multi-tiered HR governance structure, with the Group's Remuneration Committee (Remcom) at the apex, providing Board-level oversight on leadership succession, compensation strategy, and workforce-related risks and opportunities. Group Chief People and Corporate Communications Officer (GCCCPO) regularly engages with Remcom to present updates and align people strategy with Board-level priorities, ensuring leadership continuity, risk mitigation, and alignment with long-term Group objectives.

The Risk Committee also plays an active role in HR governance, reviewing risks such as succession gaps, attrition trends, and external disruptions. These reviews are conducted through structured performance forums and risk assessments led by the GCPO.

Training and capability building

Training at Sunshine is steered by strategic alignment, employee empowerment, and a belief in growing talent from within. Initiatives such as the Sunshine OneHR Learning Labs drive functional and leadership development. During the year under review, we expanded our First-Time Manager programmes and launched the Sunshine Skill Quest—a gamified Individual Development Plan (IDP) initiative that fostered personalised learning and engagement. Additional training efforts were focused on enhancing digital literacy, compliance, and sales excellence, addressing emerging business needs.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Sunshine also addressed retention challenges related to workload and role clarity, particularly in fast-evolving business units, by implementing job redesign, improving onboarding journeys, and enhancing line manager capabilities in delegation and planning. These interventions helped reduce ambiguity, support new hires, and improve day-to-day productivity.

Compensation and benefits

Sunshine operates a centralised HR system with compensation structures comprising both fixed and variable components. Salaries are benchmarked against the market while preserving internal equity, while benefits include educational loans, maternity support with 100% return-to-work tracking, wellness programmes, and structured training access across all levels. Performance-linked pay is based on annual appraisals and behaviourally aligned KPIs. The Group's HR policy framework includes formal grievance handling procedures as well, ensuring transparency and fairness in addressing employee concerns. Educational loans are also provided to support employee upskilling, especially those applying for internal mobility or promotions.

Employee engagement and culture

Employee engagement at Sunshine is built on recognition, inclusion, trust, and purpose. Events such as Sunshine Spotlight and the Sunshine Awards celebrate contributions across the Group. The 'Sunshine WE' initiative promotes female participation, while intergenerational dialogue platforms like 'Monday Morning Magic' help introduce a spirit of inclusivity. Platforms like 'Voice Sunshine' and feedback from Great Place to Work (GPTW) and internal engagement surveys are used to shape actionable responses at both sector and unit levels. In addition to exit interviews, Sunshine emphasises proactive retention through stay interviews as well, providing employees with safe spaces to share feedback proactively, before issues escalate.

In 2024-25, engagement efforts extended beyond the workplace, with employees contributing to social initiatives such as Suwa Diviya (diabetes awareness) and Diyasarana (clean water), demonstrating Sunshine's commitment to meaningful, purpose-driven impact.

Health, safety and wellbeing

At Sunshine, employee wellbeing is a core business priority. During the reporting period, the Group allocated dedicated budgets for mental and physical health initiatives across all business units. Notable programmes included, wellness campaigns, and on-site and virtual sessions on fitness, mindfulness, and Dance Movement Therapy (DMT). Periodic medical check-ups, vision screenings, and ergonomic assessments supported occupational health, while vaccination drives and disease awareness sessions were delivered in partnership with the healthcare sector.

Meanwhile, Sunshine's EHS policy, aligned with IFC standards, ISO 45001:2018, and the Sri Lanka Factories Ordinance, promotes a zero-harm culture. Safety committees, trained emergency teams, and regular audits form the backbone of compliance. In 2024-25, the Group recorded zero fatalities. Key indicators such as TRIR, LTIFR, and First Aid Case Rate are tracked and reported through formal governance channels.

Diversity, equity, and inclusion

Sunshine Holdings remains committed to fostering a meritocratic and inclusive workplace. Gender representation is monitored across levels, with deliberate efforts to improve balance in healthcare and agribusiness sectors. Pay equity, leadership development, and anti-bias training are embedded into our HR practices to ensure equitable opportunity for all.

Climate adaptation and workforce stability

Recognising the threat of climate-related disruptions, Sunshine has introduced workforce adaptation strategies such as cross-training for redpoloyability, digital enablement, and sustainable operations training in high-risk sectors like plantations and supply chain.

Future outlook

As Sunshine grows, HR will play a more strategic role in driving transformation across the Group. Going forward, the focus will be on expanding digital HR systems, deepening leadership development, and enabling managers to lead diverse teams effectively. Programmes like Sunshine Skill Quest, Base Camp, and We Rise with SUN will support leadership maturity and wellbeing, while initiatives like Sunshine WE will advance inclusion and cultural agility. HR will also support the Group's ESG agenda by embedding sustainability into people practices. On our relentless pursuit of growth with the aim of bringing good things to life, Sunshine intends to build a workforce that is empowered, future-ready, and aligned with long-term success.

As have been emphasised elsewhere in this integrated annual report, at Sunshine, sustainability is not a box to be ticked but a principle deeply embedded across how we operate, compete and contribute. During the financial year 2024-25, this philosophy manifested in its consistent social outreach, progressive workplace practices and the growing recognition of our brands and businesses as responsible, high-performing actors.

Recognition for responsible business

During the year under review, Sunshine received recognition for the strides we made in responsible business practice. Perhaps most notable instance of this was our being recognised as a Best Workplace in Sri Lanka and Asia by Great Place to Work®, a true testament to our focus on inclusivity, employee wellbeing and internal trust. We were also named among the Best Workplaces for Women as well as in the Manufacturing and Production Industry, highlighting our efforts to build a diverse, supportive and resilient workforce.

In another cap in our feather, Sunshine's supply chain practices earned us the title of Best Supply Chain Practicing Organisation in the Large-Scale Manufacturing category at the National Supply Chain Excellence Awards 2024, reflecting our continued, unrelenting efforts toward ethical sourcing, efficiency and resilience.

On the brand front, Watawala Tea won the Effie Award 2023 and Gold at the Digis for digital campaigns that connected meaningfully with consumer values, which is an important consideration in terms of generating stakeholder value. Our mass-market tea brand Ran Kahata was honoured with a Gold Dragon for Best Brand Building, a Silver at the Four A's Advertising Festival for storytelling, and Gold and Bronze Awards at the SLIM Brand Excellence Awards, demonstrating how consumer engagement can serve as a platform for national pride and cultural identity.

Social impact through the Sunshine Foundation for Good

During the reporting period, the Sunshine Foundation for Good (SFG) strengthened its focus on scalable, high-impact interventions in health, water access, and education.

Healthcare: The Suwa Diviya diabetes awareness and management programme expanded significantly, with over Rs. 7.5 Mn. invested in reaching urban and semi-urban communities through workshops and digital platforms.

Health Services: The project supports the free medical clinic managed by the Ramakrishna Mission in Batticaloa with essential medication provided on a quarterly basis.

Safe Water: Two new Reverse Osmosis (RO) plants were commissioned in Senagama (Matale) and Nakwaththagama (Kurunegala), totaling 21 RO Plants across the country, while groundwork began for additional units in Moneragala and Chilaw, together contributing to a broader mission of combating chronic kidney disease of unknown-origin (CKDu) in rural areas.

Education: 642 students from 7 low-resource schools in the vicinity of our operational centers received stationery vouchers, ensuring that access to learning resources did not become a barrier to their educational opportunity.

The way forward

Looking ahead, as discussed in more detail elsewhere, Sunshine seeks to further institutionalise ESG into Group strategy, with enhanced sustainability disclosures, better integration of non-financial risk into decision-making, and more targeted deployment of CSR capital. The Foundation's work will evolve with national priorities in mind, ensuring that as the country recovers, our growth continues to be inclusive, ethical and enduring.

STEWARDSHIP

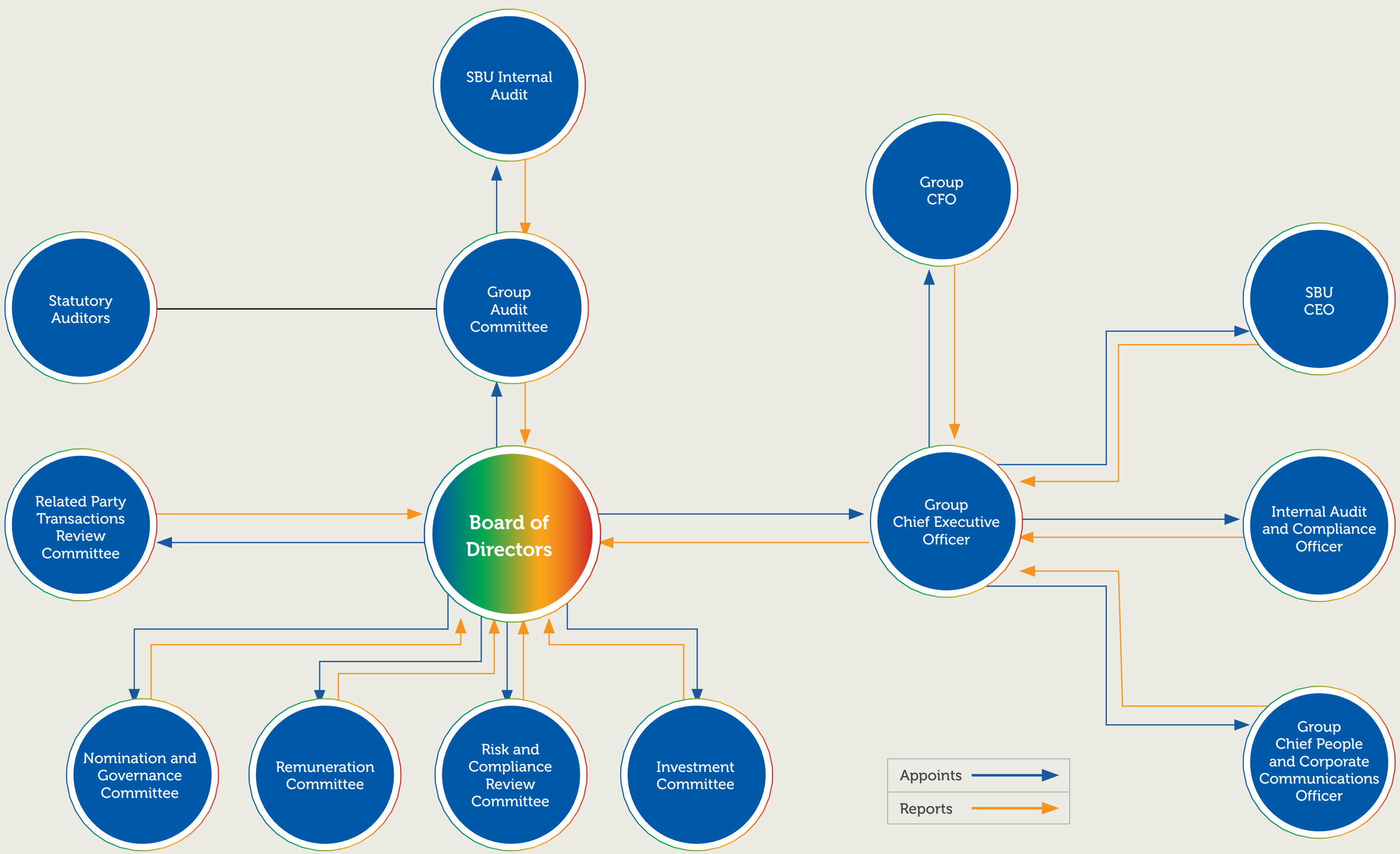
CORPORATE GOVERNANCE

Sunshine Holdings PLC (SUN)is the holding company of three subsidiaries namely Sunshine Healthcare Lanka Limited, Sunshine Consumer Lanka Limited, Sunshine Wilmar (Pvt) Limited representing the business sectors, Healthcare, Consumer and Agriculture.

SUN believes that an important aspect of communication with stakeholders and other interested parties, is in compliance with best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023, the rules set out in Section 07 of the Listing Rules of the Colombo Stock Exchange and compliance with the Country's Legislative and Regulatory requirements relevant to the Group.

The Group's corporate governance framework provides the directors and the corporate management guidance on their responsibilities and duties. It defines the matters which requires Board approval, delegate to management and requiring review by the Board sub-committee.

The SUN Corporate Governance Framework



The Board of Directors

The Company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business, in which the Company is engaged, with specific acumen in terms of commercial, financial and or technical expertise.

Board Responsibilities and Rights

The Board has the following powers to execute its responsibilities.

Strategic Direction

The Board provides vision, strategic direction and stewardship to the business entities whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.

Business Performance

Reviews business results on a regular basis and guides the management by giving appropriate direction in achieving it's goals.

Management of Risks

With the consultation of the Audit Committee and Risk Review Committee, a risk management system was developed and periodically reviewed. Risk review committee report is depicted in Page 104. of this report. Further, the Board Audit Committee report is also given in Page 97.

Code of Conduct and Ethics

The Company communicates it's code of conduct and ethics to all levels of the employees including it's Board of Directors.

Financial Performance of the Company

The Board meets at a minimum, once in three months to review the financial performance of the Company. The Quarterly Financial Statements are reviewed by the Audit Committee before recommending to the Board of Directors for adoption and release to the public. Final dividends and interim dividends are considered and recommended by the Board of Directors.

Investor Rights and Relations

The Company communicates periodically with its shareholders through the quarterly reports. The Annual Report provides a comprehensive assessment of the Company's performance during the year.

Audit

An independent statutory audit is carried out annually and the appointment of auditors for the ensuing year is recommended to the shareholders at the Annual General Meeting.

Budget

The Board is responsible for approval of annual budgets, capital budgets and new projects. The performances are monitored and reviewed against budgets quarterly.

Corporate Governance

Monitoring and reviewing Corporate Governance in accordance with the best practice framework issued by the Institute of Chartered Accountants of Sri Lanka.

Board Balance

The Company maintains a Board balance of executive, non-executive and independent Directors as required under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience, which is vital for the successful direction of the Group.

Composition of the Board

During the FY24/25 the Board consists of twelve (12) members. Nine (9) members are Non-Executive Directors (including the Chairman) and three (3) are Executive Directors. Seven (7) Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

The Non-Executive Independent Directors are;

Mr A Cabraal
Mr R Mihular
Mr S Renganathan
Mr S Shishoo
Mr S Jain
Ms A Goonethilleke
Mr A Talwatte (Resigned w.e.f. 31 March 2025)

There is a distinct and clear division of responsibility between the Chairman and the Group Chief Executive Officer to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Chief Executive Officer are separated and clearly defined. The Chairman is responsible for ensuing Board effectiveness and conduct whilst the Group Chief Executive Officer has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

Fit and Proper Assessment

The Group's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

Board induction and training

Directors are kept updated on relevant developments through formal sessions, distributing of reading materials and deep dives into specific aspects. Directors are also encouraged to attend sessions conducted by the Sri Lanka Institute of Directors. Many of the Directors also conform to the Continuing Professional Development requirements of the respective professional organisations.

Board appraisal

The Board evaluates its performance and that of its committees on an annual basis. Areas of assessment include appropriateness of the Board composition, mix of skills and ability to deliver strategic aspirations. The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting.

Strategy and Performance Monitoring

The Board formulates and steers the Group's strategic direction, ensuring that specific areas of governance oversight are identified and addressed. The Board also approves policies and material processes which support the delivery of the Group's strategy while overseeing and monitoring management's implementation and execution of strategy.

Information shared with Board on a regular basis	Board deliberations in 2024/25
• Matters relating to the external environment including political, macro-economic and social matters. • Updates on the delivery of key projects. • Performance against financial and operational targets and metrics. • People-related developments including changes in headcount, health and safety and engagement initiatives. • Key risk exposures. • Developments in the competitive landscape. • Legal, regulatory and compliance matters across the Group.	– Overseeing the Group's strategic direction and approval of the annual corporate plan and budgets. – Approving the annual, interim and quarterly financial results and stakeholder communications. – Approval of major CAPEX projects and acquisitions. – Reviewing and evaluating the Group's risk exposures and scorings. – Ensuring that appropriate governance structures, policies and procedures are in place.

Composition and Attendance at Meetings

The Board met quarterly to discharge its duties effectively. In addition, special Board Meetings are also held whenever necessary. A total of seven (7) meetings including the Annual General Meeting was held in the financial year ended 31 March 2025. The attendances of Directors at these Meetings were as follows;

Attendance – 7

Name of Director	No.	%
Mr A Cabraal	4	57
Mr V Govindasamy	6	86
Mr S Sathasivam	7	100
Mr R Mihular	7	100
Mr S Renganathan	6	86
Mr T Akbarally	3	43
Mr G Sathasivam	3	43
Mr S Shishoo	6	86
Mr S Jain	6	86
Ms A Goonetilleke	7	100
Mr A Deepthikumara	7	100
Mr A Talwatte (Resigned w.e.f. 31 March 2025)	3	43

Re-election of Directors

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next annual general meeting and seek re-appointment by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election. In addition, a newly appointed Director is required to submit himself for retirement and re-election at the Annual General Meeting immediately following his appointment.

Directors Remuneration

The objectives of the Company's policy on Directors remuneration it to attract and retain Directors of the caliber needed to direct the group successfully. In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned.

The Remuneration Committee recommends to the Board the frameworks of the Executive Director's remuneration and the remuneration package for the Executive Director and Senior Management team. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors. The Director's remuneration is disclosed in Note No. 41.1.a of the Financial Statements.

Delegation of Board Authority – Board Committees

The Board in discharging its duties, establishes various Board Committees. The function and terms of reference of the Board Committee are clearly defined and where applicable, comply with the recommendations of the code of best practice on corporate governance. The group has five Board sub committees,

Audit Committee
Related Party Transactions Review Committee
Nomination and Governance Committee
Remuneration Committee
Investment Committee
Risk and Compliance Review Committee

However, the Board of Directors are collectively responsible for the decisions taken on the recommendation by Board Sub Committees.

Audit Committee

The Audit Committee provides an oversight on the Financial Statements and other related information prepared for presentation for external financial reporting, review the work of the internal audit function and ensures that the external auditor carry out their statutory duties in an independent and objective manner. It also assists the Board in ensuring a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executives present except for the Group Secretaries, at least once a year. The report on the Audit Committee is presented on page 97 and the duties of the Audit Committee are included therein.

Nomination and Governance Committee

The Nomination and Govemace Committee reviews the Board composition to ensure Board balance and adequacy of skills and experiences among the members of the Board. It recommends any new appointments to the Board. The report on the Nomination and Governace Committee is presented on page 95 and the duties of the Nomination and Govemace Committee are included therein.

Remuneration Committee

The Remuneration Committee recommends to the Board, the remuneration policy and the remuneration to be paid to each executive director. The Remuneration Committee reviews the Group's remuneration policy and the remuneration packages of executive employees of the Group. The report on the Remuneration Committee is presented on page 100 and the duties of the Remuneration Committee are included therein.

Risk and Compliance Review Committee

The Risk and Compliance Review Committee is responsible for overseeing the Group's risk management framework and ensuring that key risks are identified, assessed, and appropriately mitigated. The Committee monitors the effectiveness of internal controls and compliance with applicable laws, regulations, and internal policies. It reviews reports from the risk management and compliance functions and ensures that appropriate actions are taken to address any identified issues. The Committee also supports the Board in fostering a culture of risk awareness and ethical conduct across the Group. It meets regularly to evaluate the adequacy of the Group's risk appetite, emerging risks, and the effectiveness of the compliance program. The report on the Risk and Compliance Reviews Committee is presented on page 104 and the duties of the Risk and Compliance Reviews Committee are included therein.

Investment Committee

The role of the Investment Committee is to review capital expenditure budgets and new projects and make recommendations to the Board of Directors.

Related Party Transactions Review Committee

The Committee exercises oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the RPTs) are carried out and disclosed in a manner consistent with the CSE Listing Rules.

Membership of Sub Board Committees are listed below.

	Appointment to The Board	Nomination and Governance Committee	Remuranation Committee	Audit Committee	Investment Committee	Related Party Transactions Committee	Risk and Compliance Review Committee
Executive							
Mr S Sathasivam	13 June 2006				X		
Mr A Deepthikumara	18 January 2024						
Non Independent Non Executive							
Mr V Govindasamy	8 February 2000	X			X		
Mr G Sathasivam	9 August 2000						
Mr T Akbarally	17 August 2022				X		
Independent Non Executive							
Mr A Cabraal	31 May 2017	X	X	X	X	X	
Mr S Shishoo	18 December 2017						
Mr S Jain	2 February 2022						
Mr A Talwatte (Resigned w.e.f. 31 March 2025)	30 May 2016		X	X	X	X	
Mr S Renganathan	27 May 2022	X	X	X		X	X
Mr M Mihular	6 April 2023		X	X	X	X	X
Ms A Goonetilleke	15 November 2023						X

Financial Acumen

The Board comprises of a Senior Chartered Accountant and he serves as members of the Audit Committee and Related Party Transaction Review Committee.

Supply of Information

Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at Meetings.

Digital Transformation and IT Governance

Technology-driven transformation is a key medium-to-long priority of the Group and key areas of focus included evaluating the potential opportunities and risks of disruption presented by technology and building effective, secure and agile infrastructure. The Board holds apex responsibility for governing technology and information and during the year, continued emphasis was placed on embedding ICT governance standards across the Group. The Group IT Services, supported by specialised resources across the Group supports the Board in discharging its IT-related duties and providing oversight on the management of technology assets.

Company Secretaries

The services and advice of the Company secretaries are made available to Directors as necessary. The Company secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

Corporate Services (Private) Limited having their registered office at No, 216, De Saram Place, Colombo 10 are the Company secretaries since 1 April 2016.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuring year, capital expenditure requirements, future prospects and risks, cash flows and borrowings facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

Internal Control

The Board is responsible for the Company's internal controls and for reviewing their effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

Communication with Stakeholders

Shareholders are provided with quarterly Financial Statements and the Annual Report which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange and also published in media. Shareholders may bring up concerns they have, either with the Chairman or the Group Chief Executive Officer as appropriate. Sunshine Holdings PLC's website www.sunshineholdings.lk and websites of listed companies within the Group serve to provide a wide range of information on the Group. The Company has reported a fair assessment of its position via the published audited Financial Statements and quarterly accounts. In preparation of these documents, the Company has complied with the requirements of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Financial Reporting Standards.

Corporate Governance Disclosure

The Company has published quarterly financial statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration is promptly disclosed to the public.

Compliance with Code of Best Practice on Corporate Governace – 2023

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the Company.	Complied	Profile of the Board	24 – 29
	A 1.1	Regular Board meetings and process of submitting information	Complied	Composition and attendance of the Board meetings	80
	A 1.2	Roles and Responsibilities of the Board	Complied	Board Responsibility	110
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors	05 – 08
	A 1.4	Access to advise and services of Company Secretary	Complied	Communication with stakeholders	243 – 247
	A 1.5	Bring independent judgment on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of SUN group has obtained professional advice for certain matters during the year and coordinated through company secretaries.	95 – 105
	A 1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.	05 – 08
	A.1.7	Calls for resolutions	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.	–
	A 1.8	Board Induction and Tranning. The Chairman is responsible for following;the effective participation of both executive and non-executive directors, their contribution for the benefit of the group, balance of power between executive and non-executive directors and control of group's affairs and communicate to stakeholders.	Complied	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development (CPD) requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings. Audit Committee members receive updates on regulatory and compliance changes relating to matters entrusted to the Committee on a quartaly basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	95 – 96

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
Chairman and Group Chief Executive Officer	A 2	Chairman and Group Chief Executive Officer's division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The Group Chief Executive Officer executes powers given by the Chairman and the Board to run the operation	04 – 08
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The Chairman is responsible for conducting meetings effectively and he preserves order and implements Board decisions taken	04 – 08
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	The Chairman is responsible for following; • Development of an appropriate agenda for Board meetings with the Company Secretaries • Sufficiency of information in Board papers and timely availability of the same • Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group • Effective participation of Executive and Non-Executive Directors • Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda • Sufficient balance of power between Executive and Non-Executive Directors • Views of directors are obtained and the minutes reflect the deliberations of the Board • Board's control of the affairs of the Company and its obligations to shareholders and stakeholders	04 – 08
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Corporate Governance Report	78 – 85
Board Balance	A 5 and A 5.1	Non-Executive Directors	Complied	Nine (9) out of Eleven (11) are Non-Executive Directors	79
	A 5.2	Independent Non-Executive Directors	Complied	Eight (8) out of Nine (9) Non-Executive Directors are independent	80
	A 5.3	Independent Non-Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the group and are not involved in any activity that would affect to their independence	80
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed	05 – 08
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors	94 – 96

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
Supply of Information	A 6.1	Provide appropriate and timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the Board meeting	84
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the Board meeting are provided well before the meeting date	84
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Nomination committee makes recommendations to the Board on new Board appointments	81
	A 7.1	Nomination Committee to make recommendations on new Board appointments	Complied	Nomination committee makes recommendations to the Board on new Board appointments	95 – 96
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the Company	Complied	Profile of the Board of Directors	24 – 29
	A 7.3	Disclosure of New Board member profile and interests	Complied	Profile of the Board of Directors	24 – 29
Re-election	A 8 – 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Re-election of Directors	95 – 96
Appraisal of Board performance	A 9 – 9.3	Existence of Board evaluation methods and execution	Complied	The Chairman and Remuneration Committee evaluates the performance of the Executive Directors	100 – 101
Disclosure of information in respect of Directors	A 10 – 10.1	Profiles of Directors Directors' interests Board meeting attendance Board committee memberships	Complied	– Profile of the Board Members – Membership of sub-committees and attendance at Board and Subcommittee meetings – Remuneration paid to directors – Board seats held by each Director in listed and unlisted companies – Names of listed and non listed companies in Sri Lanka in which they serve as directors – names of Board committees in which the director serves as chairman or a member – number of board meetings and committee meetings of the Company attended during the year	24 – 29 79 – 83 227 24 – 29 24 – 29 78 – 83 78 – 83
Appraisal of GCEO	A 11 – 11.2	Appraisal of the Group Cheif Executive Officer against the set strategic targets	Complied	Evaluation is done by the Chairman and Remuneration committee based on the financial and non-financial targets set with the discussion of the committee.	78 – 84
Directors' Remuneration	B 1	Establishment of the Nomination and Remuneration Committee	Complied	Nomination and Remuneration committee report	95 – 96
	B 1 – 1.3	Membership of the Nomination and Remuneration Committee to be disclosed and should only comprise of Non-Executive Directors	Complied	Discussed under sub committees	94 – 105
Disclosure of Remuneration	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	Discussed under sub committees	94 – 105

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
Relations with Shareholders	C 1 – C 1.1	Constructive use of the Annual General Meeting (AGM) and conduct of general meetings	Complied	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders and made all efforts to encrage the shareholders to participate for the AGM	246
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue	245
	C 1.3	All valid proxy appointments received for general meetings are properly recorded and counted.	Complied	The Chairman makes and announcement of the proxies received at the commencement of the General Meeting	245
	C 1.4	Heads of Board subcommittees to be available to answer queries	Complied	Sub-committee Chairman's are present at the AGM	–
	C 1.5	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM	243
Communication with Shareholders	C 2.1 – C 2.7	The Board implement effective communication with shareholders	Complied	– Circulated through Notice of the Annual General Meeting – Investor relation officer are appointed and contacts details are disclose in the annual report, notice of the annual general meeting and the Company website	243 243
Major Transactions	C 3 – 3.3	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange, print media, and the Company website	–
Accountability and Audit	D 1.1	Accountability and audit	Complied	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards	111
	D 1.2	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Annual Report of the Board of Directors	05 – 08
	D 1.3	Declaration by CEO and CFO	Complied	The Group Chief Executive Officer's and the Group Chief Financial Officer's Responsibility Staitment	112
	D 1.4	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	Complied	Annual Report of the Board of Directors	05 – 08

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
	D 1.3 5	Statement of Directors' responsibility	Complied	– Directors' Responsibility report – Annual Report of the Board of Directors	111 – 112
	D 1.6	Management Review and Preview	Complied	TheLeadership Reports	18 – 34
	D 1.7	Serious loss of capital	Complied	– Annual Report of the Board of Directors – Staitment of Directors Responsibility	05 – 08
	D 1.8	Disclose the related party transactions	Complied	– Report of the Related Party Transactions Review Committee	103 – 105
Risk Management and Internal Control	D 2.1 D 2.2	Process of risk management and a system of internal control to safeguard shareholders' investments and the Company's assets.	Complied	– Report of the Risk and Compliance Review Committee – Report of the Audit Committee	105 – 107
Audit Committee	D 3.1	Audit Committee composition	Complied	Composition of Audit Committee	98 – 101
	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter	98 – 101
	D 3.3	Audit Committee disclosures	Complied	Report of the Audit Committee	98 – 101
Risk Committee	D 4.1 – D 4.5	Risk Committee establishment, and their duties and responsibilities	Complied	Report of the Risk and Compliance Review Committee	105 – 107
Related Party Transactions Review Committee	D 5.1 – D 5.3	Related Party Transactions Review Committee establishment, and their duties and responsibilities	Complied	Report of the Related Party Transactions Review Committee	103 – 105
Institutional Investors	E 1	Shareholder voting	Complied	The Company makes every effort to maintain a regular and structured dialogue with institutional investors in order to improve their understanding of Company's operations	223 – 246
	E 2	Evaluation of governance disclosure	Complied	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weightage is given to good corporate governance.	239 – 242
Other Investors	F1	Investing/divesting decisions	Complied	Individual investors who directly invest on the shares of the Company are encouraged to obtain independent professional advice when investing on the shares of the Company	239 – 242
	F2	Shareholder voting	Complied	Individual investors also are encouraged to get adequate analysis or seek advice on investing/ divesting decisions. Also, they are summoned to exercise their voting rights at the AGM	223 – 246
Internet of Things and Cyber Security	G	Internet of Things and Cyber Security	Complied	Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, cyber security risk identification and effectiveness of cyber security risk management	71

Subject	Rule/Code No.	Compliance Requirement	Compliance Status	Section	Page No
Sustainability: ESG Risk and Opportunities	H	Sustainability: ESG Risk and Opportunities	Complied	The Board regularly evaluate the strengths and weaknesses created by the ESG factors and opportunities in the Company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders	75 – 76
Special Considerations for Listed Entities	I	Establishment and Maintanance of Policies	Complied	Company has implemented the below mentioned policies and disclosed its existence and details of implementation on the Company website – Policy on the matters relating to the Board of Directors – Policy on Board Committees – Policy on Corporate Governance, Nominations and Re-election – Policy on Remuneration – Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities – Policy on Risk management and Internal Controls – Policy on Relations with Shareholders and Investors – Policy on Environmental, Social and Governance Sustainability – Policy on Control and Management of Company Assets and Shareholder Investments – Policy on Corporate Disclosures – Policy on Whistle blowing – Policy on Anti-Bribery and Corruption	–

Compliance with CSE Continuing Listing Rules – Section 7.6

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Report of the Board of Directors	24
7.6 a (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Share Information	239
7.6 (v)	Directors' and CEO's (MD's) holding in shares	Complied	Report of the Board of Directors	240
7.6. (vi)	Material foreseeable risk factors of the entity	Complied	Risk Management Framework	106
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	73
7.6 (viii)	Extents, locations, valuations, number of buildings of entity's land and investment properties	Complied	Notes to the Financials – 19 Property, plant and eqipments – 23 Investment property	156 and 175
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Report of the Board of Directors	198
7.6 (x)	Shareholder distribution schedule including percentage of total holding in given categories	Complied	Share Information	240
7.6 (xi)	Ratios and Market Price Information	Complied	Investor Information Decade at a glance	239
7.6 (xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Notes to the Financials – 19 Property, plant and eqipments – 23 Investment property	237
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement	N/A	N/A	–
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A	–
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	78
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied	RPTRC Report Notes to the Financials – 41.2 Transaction with group entties	228

Compliance with CSE Corporate Governance Principles – Revised Section 9 of the Listing Rules

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.2.1	Policies	Complied	The Company website contains policies	–
9.3	Establishment of Board Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Complied	Corporate Governance Report	78
9.3.2	Composition and disclosures	Complied	Board Committees Reports	96 – 105
9.3.3	Chairperson of Board Committees	Complied	Board Committees Reports	96 – 105
9.4.1	Meeting Procedures	Complied	Board Committees Reports	96 – 105
9.4.2	Communication and Relations with shareholders	Complied	Annual Report of Board of Directors	5 – 8
9.5	Policy on matters relating to the Board of Directors	Complied	Annual Report of Board of Directors	5 – 8
9.6.2	Chairperson and CEO	N/A	N/A	–
9.6.3	Senior Independent Director	N/A	N/A	–
9.6.4	Rationale for appointing a SID	N/A	N/A	–
9.7.1 – 9.7.3	Fitness of Directors and CEO	Complied	Nomination and Governance Committee Report	95 – 96
9.7.4	Annual declaration – Fit and Proper – Directors and CEO	Complied	Nomination and Governance Committee Report	95 – 96
9.7.5	Disclosures in the Annual Report	Complied	Nomination and Governance Committee Report	95 – 96
9.8.1	Minimum number of Directors	Complied	Annual Report of Board of Directors	05 – 08
9.8.2	Independent Directors ('IDs')	Complied	Nomination and Governance Committee Report	95 – 96
9.8.3	Determination of Independence	Complied	All independent Non-Executive Directors are in fact free of any business with the group and are not involved in any activity that would affect to their independence	–
9.8.5	Disclosure relating to Directors	Complied	Annual Report of Board of Directors	09 – 08
9.9	Alternate Directors	N/A	N/A	–
9.10.1	Disclosure relating to Directors	Complied	Annual Report of Board of Directors Directors Profiles	05 – 08
9.10.2	Market announcement of appointing new directors	Complied	Annual Report of Board of Directors	05 – 08

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.10.3	Market announcement for changing composition of Board of Directors and Board committees	Complied	Annual Report of Board of Directors	05 – 08
9.10.4	Disclosure relating to Directors profile	Complied	Directors Profiles	24 – 29
9.11.1-9.11.3	Nominations and Governance Committee (NGC)	Complied	NGC Report	95 – 96
9.11.4	Composition of the Nominations and Governance Committee	Complied	NGC Report	95 – 96
9.11.5	Function of the Nomination and Governance Committee	Complied	NGC Report	95 – 96
9.11.6	Annual report disclosure	Complied	NGC Report	95 – 96
9.12.1 – 9.12.5	Remuneration Committee	Complied	Remuneration Committee Report	100 – 101
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	100 – 101
9.12.7	Function of the Remuneration Committee	Complied	Remuneration Committee Report	100 – 101
9.12.8	Annual report disclosure	Complied	Remuneration Committee Report	100 – 101
9.13.1 – 9.13.2	Audit Committee and TOR	Complied	Audit Committee Report	97 – 100
9.13.3	Audit Committee Composition	Complied	Audit Committee Report	97 – 100
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	97 – 100
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	97 – 100
9.14. 1 – 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	RPTRC Report	102 – 103
9.14.3	Functions of RPTRC	Complied	RPTRC Report	102 – 103
9.14.4	RPTRC Meetings	Complied	RPTRC Report	102 – 103
9.14.5	RPTRC duties and actions	Complied	RPTRC Report	102 – 103
9.14.6	Shareholder approvals	Complied	There were no proposed transactions which required to obtain shareholder approvals.	–
9.14.7	Immediate Disclosures	Complied	There were no transactions which required for immediate disclosure.	–
9.14.8	The Report by the Related Party Transaction Review Committee and Annual report disclosures	Complied	RPTRC Report	102 – 103
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	RPTRC Report	102 – 103
9.17	Additional disclosure	Complied	RPTRC Report	102 – 103

Compliance with Section 168 of the Companies ACT No. 7 of 2007

Section No.	Requirement	Compliance	Page No.
168 (1) (a)	The nature of the business together with any change thereof	Complied	13 – 18
168 (1) (b)	Signed Financial Statements of the Company	Complied	117 – 236
168 (1) (c)	Auditors' Report on Financial Statements	Complied	112
168 (1) (d)	Accounting policies and any changes therein	Complied	128 – 136
168 (1) (e)	Particulars of the entries made in the Interest Register	Complied	05 – 08
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Complied	227
168 (1) (g)	Corporate donations made by the Company	Complied	05 – 08
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Complied	25 – 29
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Complied	142
168 (1) (j)	Auditors' relationship or any interest with the Company	Complied	05 – 08
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Complied	05 – 08

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee (the Committee) comprises Three (3) members. The Committee is chaired by Mr S. Renganathan with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Group Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

Composition of the Committee

Mr S Renganathan – (Chairman) – Independent Non-Executive

Mr A Cabraal (Member) – Independent Non-Executive

Mr V Govindasamy (Member) – Non-Independent Non-Executive (Appointed w.e.f. 10 February 2025)

Mr G Sathasivam (Member) – Non-Independent Non-Executive (Resigned w.e.f. 10 February 2025)

Meetings

During the financial year, the Committee conducted its business Virtually and resolutions were passed in circulation.

Purpose/Objectives of the Committee

The Committee will assist the Board of Directors to fulfil its responsibility by overseeing that:

1. The Board of Sunshine Holdings PLC and its subsidiaries are composed of individuals who possess the qualifications, experience, and integrity necessary to effectively discharge their duties as Directors; and
2. The Group corporate governance framework is robust, forward-looking, and aligned with both regulatory requirements and the Board's commitment to achieving the highest standards of governance excellence.

Key Areas of Focus

- The Committee evaluates and recommends the appointment and re-appointment of Directors to the Board and its Committees, considering their contributions, qualifications, and external commitments.
- It establishes transparent procedures for the selection, evaluation, and appointment/re-appointment of Directors, ensuring gender diversity and industry-specific qualifications.
- The Committee advises the Board or the Chairperson on appointments, including the selection of a Chairperson in case of a vacancy, and develops succession plans for Board and Key Management Personnel.
- It oversees the annual evaluation of the Board reviews the Board and Committee structures, and recommends the corporate governance framework and policies to align with regulatory requirements and best practices.
- The Committee reviews and recommends the Corporate Governance Statement, ensures compliance with governance policies, and advises on indemnity and insurance cover for directors and key management personnel, with members abstaining from decisions about their own appointments.
- The Committee establishes and regularly updates robust succession plans for the Board and Key Management Personnel, identifying and nurturing internal talent pipelines while aligning leadership development with the organization's long-term strategic goals.

Evaluation of the Committee

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

Activities 2024/25

- Pursuant to the Company's Articles of Association, the Committee carried out a fit and proper assessment of retirement and re-appointment of Board Members of Mr Govindasamy Sathasivam, Mr Sudarshan Jain, Mr S Shishoo and Mr R Mihular. Accordingly, all 4 re-appointment Directors were deemed Fit and Proper and as such eligible for re-election at the upcoming Annual General Meeting following their appointment. Accordingly, shareholders will be invited to re-elect them at the upcoming Annual General Meeting. The profiles of the members and details are given in the pages 24 to 29 under the Corporate Governance report of the Annual Report.
- All Board Members were assessed for their Independence/ Non-Independence at the beginning of the Financial Year. The criteria on Independence were reviewed against the relevant Directions of the Listing Rules of the Colombo Stock Exchange for the year 2025/2026. Accordingly, the Committee remains satisfied that Directors Mr. D A Cabraal, Mr S Shishoo, Mr S Jain, Mrs Aruni Goonetilleke, Mr S Renganathan and Mr R Mihular can continue as Independent Non-Executive Directors for the ensuing year.
- The Committee assessed the skills, experience, diversity, and independence of current Board members and identified any gaps that needed to be filled.
- The Committee also assessed the nomination of new appointments Key Management Persons (KMP) against the criteria on fitness and propriety for KMP's as defined in the Group policies. Necessary competency, capability and integrity of the members have also been evaluated and recommended by the Committee for such appointments.
- The organisational structure of Company and Subsidiaries was reviewed with a view to establishing succession plan for the Key Management Personal. All new promotions granted during the year were also reviewed in line with the organisational structure.
- The Committee also undertook to perform the formal annual evaluation of its effectiveness. The output of the evaluation was forwarded to the Board of Directors for formal approval and/or any corrective action on the shortcomings.

Declaration

The Committee diligently adheres the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision. Declarations submitted by Board Members under the Appendix 9A of the Listing Rules section 9 and following this review, it was ascertained that the Independent Directors of the Board, namely Mr D A Cabraal, Mr S Shishoo, Mr S Jain, Mrs Aruni Goonethileke, Mr S Renganathan and Mr R Mihular, effectively met the criteria for assessing independence.

Conclusion

The Nomination and Governance Committee is dedicated to assisting the Board in identifying and recommending candidates who possess the necessary proficiencies, expertise, and familiarity essential for meeting the strategic needs of the Company and the Group. Additionally, the committee is committed to ensuring that both the Board and the Group reflect the desired diversity and opportunities for all stakeholders.

S Renganathan

Chairman
Nominations and Governance Committee
28 May 2025

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprised four (4) members during the first half of the financial year and consists of Five (5) members during the second half of the financial year. The Committee was chaired by Mr A D B Talwatte up to 1 October 2024 and thereafter Mr R Mihular from 1 October 2024.

Composition

Mr R Mihular (Chairman) – Independent Non-Executive (Appointed w.e.f. 1 October 2024)

Mr A Talwatte (Chairman/Member) – Independent Non-Executive (Was the chairman untill 1 October 2024 and resigned w.e.f. 31 March 2025)

Mr A Cabraal (Member) – Independent Non-Executive

Mr S Renganathan (Member) – Independent Non-Executive

Mr S Shishoo (Member) – Independent Non-Executive (Resigned w.e.f. 31 March 2025)

Meetings

The Audit Committee met five (5) times during the year. Attendance of the Committee members at each of these meetings is as follows.

Attendance

Mr R Mihular (Chairman) – Independent Non-Executive
2 of 2 meetings

Mr A D B Talwatte (Chairman/Member) – Independent Non-Executive
5 of 5 meetings

Mr A Cabraal (Member) – Independent Non-Executive
5 of 5 meetings

Mr S Shishoo (Member) – Independent Non-Executive
5 of 5 meetings

Mr S Renganathan (Member) – Independent Non-Executive
5 of 5 meetings

Secretary to the Committee

Corporate Services (Private) Limited (the Company Secretary) functions as the Secretary to the Audit Committee and directly reports to the Board audit committee.

Charter of the Committee

The terms of reference of the Board Audit Committee are clearly defined in the Charter. The Charter of the Board Audit Committee approved by the Board is revisited and revised annually with the concurrence of the Board of Directors to ensure that new developments relating to the functions of the Committee are addressed and updated. The Audit committee charter was revised aligning with the newly introduced listing rules of CSE on Corporate governance, which became effective in phases since 1 October 2023. The updated charter was approved by the board in May 2025.

The Committee is accountable to the Board and reports on its activities regularly to the Board of Directors. The Committee has unrestricted access to information, cooperation from Management and discretion to invite any Director or Executive Officers to attend its meetings. The functions of the Committee are geared to assist the Board of Directors in its general oversight responsibilities in relation to financial reporting, internal controls, risk management, compliance, internal and external audit. The Composition, roles and functions of the Committee are in accordance with the Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

Authority

The Committee has the explicit authority to investigate into any matter, full access to information and to obtain external professional advice at the Company's expense and discretion to invite management and directors to attend its meetings.

Responsibilities of the Audit Committee

The primary objectives of the Audit Committee include:

- Reviewing of the financial information of the Company to ensure the Integrity of the Financial Reporting and compliance with reporting requirements stipulated under the Sri Lanka Accounting Standards, Companies act and other related regulations.
- Ensuring the Company's Financial Statements present a true and fair view

- Review and evaluate company's risk management framework including the Risk policies adopted and direct on prompt corrective actions to mitigate the effects of specific risks in case such risks are at a point beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.
- Ensure that the Company adopts and guided with corporate governance requirements, promote ethical practices and establish confidential reporting procedures for whistleblowing in the best interest of all stakeholders.
- Company's ability to continue as going concern in the foreseeable future.
- Monitoring Independence and Performance of the External Auditor and Review non-audit services provided by the external auditor. Follow-up with the management on external audit findings and ensure that proper remedial actions taken as recommended.
- Review the internal audit and investigation reports and ensure the independence of the Internal Audit functions and that it is performed with impartiality, proficiency and due professional care.
- Review the adequacy and effectiveness of the Company's Internal Controls, Risk Management systems and Governance Processes and assess the controls in place to prevent the leakage of material information to unauthorised persons.

Meetings

The proceedings of the Committee meetings are conducted in accordance with the terms of the Board Audit Committee. The Group Chief Executive Officer, Group Chief Finance Officer, Sector Financial Controllers and Internal Audit and Compliance Officer are regular attendees to the meetings by invitation. The External Auditors attend meetings on invitation to brief the Committee on external audit related and other specific matters.

During the year 2024/25, the Committee held five (5) meetings. Attendance of the members at meetings is set out in the table on page 97 of the Annual Report.

Financial Reporting System

In order for the Board to assure the integrity of the Financial Statements of the Company in the lines of significant financial reporting, disclosures, and judgments contained therein, the committee assisted the Board in its oversight responsibility. The assurance is assumed through an independent review of risks, controls and governance processes as well as the Committee has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer of the Company that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances. The Committee quarterly reviews the financial statements and annual financial statements are reviewed in consultation with the external and internal auditors prior to making recommendation to the Board for approval.

Further special emphasise was given on following aspect when reviewing the financial statements;

- Adequacy and effectiveness of the internal control system including information system controls and financial reporting process in place to provide reasonable assurance on accuracy and reliability of information reported.
- Consistency of the adopted accounting policies and practices and underlying assumptions for estimates and judgments.
- Compliance with Sri Lanka Accounting standards (SLFRS/ LKAS) as well as new accounting standards that came into effect during the year.
- Significant accounting decisions, disclosure of complex or unusual transactions and reporting issues together with management actions taken to resolve them.
- Tax advisory reviews, assessments and compliance with other regulatory requirements.

The Report of the Audit Committee to the Board of Directors of Sunshine Holdings PLC

The management of Sunshine Holdings PLC is responsible for internal control and financial reporting, including the preparation of consolidated Financial Statements. Independent auditors are responsible for auditing these statements in accordance with auditing standards to ensure they fairly represent the Company's operations and financial position. The Audit Committee oversees and monitors these processes, and annually recommends to the Board an independent accounting firm to serve as the Company's external auditors.

To fulfill its obligations the Audit Committee carried out the following activities

- Reviewed and discussed the consolidated Financial Statements for the financial year ended 31 March 2025 with management and the independent auditors
- Ensured the consolidated Financial Statements comply with Sri Lanka Financial Reporting Standards and accurately represent the Company's operations and financial position
- Coordinated with the Risk Committee to review procedures for identifying and managing business risks

- Assessed the operational effectiveness of internal controls
- Discussed and reviewed information system security measures implemented by management
- Reviewed compliance reports from Senior Management to monitor adherence to laws and regulations
- Evaluated the Company's ability to continue as a going concern based on the audited Financial Statements
- Reviewed and discussed annual and quarterly Financial Statements prior to their release, ensuring compliance with Sri Lanka Financial Reporting Standards and the Companies Act, No. 7 of 2007
- Examined internal audit reports and external audit findings to support the integrity of reported results
- Reviewed procedures established by management for regulatory compliance
- Recommended to the Board the approval of non-audit services to be granted to the external auditors
- Obtained a confirmation of independence from the external auditors and recommended KPMG Chartered Accountants as the independent auditors to audit and report on the annual consolidated Financial Statements

External Auditor

The Committee is satisfied that the independence of the external auditors, KPMG, has not been compromised by any events or services that could create a conflict of interest. The nature of services provided by the auditors and the level of audit and non-audit fees from Sunshine Holdings PLC and its subsidiaries were carefully considered. The Committee reviewed the arrangements made by the auditors to maintain their independence, receiving confirmation of compliance with the independence guidelines outlined in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 7 of 2007 and amended CSE listing rules. The Committee also met with the external auditors without management present prior to the finalisation of the Financial Statements. The Committee maintains its independence from both the external and internal auditors of the Company and the Group.

Internal Audit

The Committee monitors the effectiveness of internal audit function by reviewing the adequacy of the audit coverage, functions and resources of the internal audit department and ensures that the department has necessary authority to carry out its audits. It also ensures the independence of the Audit Function by appraising the activities it audited and that those were performed with impartiality, proficiency and due professional care.

The Committee approves the audit plan and methodology formulated by the Outsourced Internal Auditor (M/s. Ernst & Young) and reviews its progress of implementation regularly. In addition to the outsourced internal audit function, the Committee also oversees the activities of the in-house Internal Audit and Compliance Officer, ensuring alignment with the overall audit strategy, monitoring compliance with internal policies and regulatory requirements, and facilitating coordination between internal and external audit efforts. Performance of the internal audit function is quarterly appraised by the Committee against the Audit Plan and set key performance indicators. During the year special emphasis was given to enhance the scope of internal audit work in the areas of governance, emerging risks and controls, and information systems security. Committee reviewed several information security policies for implementation and reviewed application system with the assistance of external consultants and presentations were made by the respective audit firm in this regard.

Significant findings of Internal Audits and other Assignments with recommendations to the management are considered and appropriate acclamations have been issued by the Committee. Further the progress of follow-up actions on internal and external audit recommendations are monitored on a regular basis.

Conclusion

The Committee believes that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the reported financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

An independent evaluation of the effectiveness of the Committee was carried out by the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as effective.

R Mihular
Chairman
Audit Committee
28 May 2025

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises Three (3) members. The Committee is chaired by Mr R Mihular. The Group Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

Meetings

The Committee met one (1) times for the financial year 2024/25. The attendance of the Committee members at each of these meetings is as follows;

Attendance

Mr R Mihular (Chairman) – Independent Non-Executive
1 of 1 meetings

Mr A Cabraal (Member) – Independent Non-Executive
1 of 1 meetings

Mr S Renganathan – (Member) – Independent Non-Executive
(Appointed w.e.f. 2 December 2024)
00 of 1 meetings

Mr G Sathasivam (Member) – Non-Independent Non-Executive
(Resigned w.e.f 2nd December 2024)
1 of 1 meetings

Mr A D B Talwatte (Member) – Independent Non-Executive
(Resigned w.e.f. 31 March 2025)
1 of 1 meetings

Key Areas of Focus

- Remuneration policy for Key Management Personnel – Review and approve the overall remuneration policy, strategy, and practices of the Group.
- Remuneration structure – Set and review all components of the remuneration and other benefits of the Chief Executive Officers, Chief Operating Officers, Executive Directors and such other Senior Management as the Board may determine whilst ensuring the integrity of the Group's compensation and benefits programme is maintained.
- Performance evaluation – Review and approve the performance appraisal for the Chief Executive Officers, Chief Operating Officers, Executive Directors, and Senior Management.
- Succession Planning – The committee reviewed succession plans for all Key Management Personnels and enquired from Management to ensure that a process of succession planning is in place for key executive positions.

Purpose/Objectives of the Committee

The objective of the Remuneration Committee ("the Committee") is to ensure that a consistent remuneration framework is adopted and practiced for Directors and Senior Management in the Group.

The Committee ensures that the Remuneration Policy of the Group is fair, transparent and competitive, and linked to business strategy to drive sustainable performance and entrepreneurship. The Committee appraises the performance of the senior management against the set goals and targets, to determine increments, bonuses, and other performance-based incentives.

Evaluation of the Committee

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

Report of Committee

The Remuneration Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration strategy, policies and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Directors, Group Chief Executive officer, Chief Executive Officers, Chief Operating Officers, and key management who support and implement decisions at an apex level.

The Group is able to attract, motivate, and retain key talent with the Group's compensation and benefits policy which is complied with applicable laws and regulations. The evaluation of performance of Directors, Chief Executive Officers, Chief Operating Officers, and key management was considered in determining remuneration whilst also using market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

On behalf of the Remuneration Committee.

R Mihular
Chairman
28 May 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board's Related Party Transactions Review Committee (the Committee) has been established in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Committee comprised four (4) members during the first half of the financial year and consists of Five (5) members during the second half of the financial year. The Committee was chaired by Mr A D B Talwatte up to 1 October 2024 and thereafter Mr R Mihular from 1 October 2024, with Corporate Services (Private) Limited (the Company Secretaries) serving as the Secretaries to the Committee

Composition

Mr R Mihular (Chairman) – Independent Non-Executive (Appointed w.e.f. 1 October 2024)

Mr A D B Talwatte (Chairman/Member) – Independent Non-Executive (Chairman untill 1 October 2024 and resigned w.e.f. 31 March 2025)

Mr A Cabraal (Member) – Independent Non-Executive

Mr S Shishoo (Member) – Independent Non-Executive (Resigned w.e.f. 31 March 2025)

Mr S Renganathan (Member) – Independent Non-Executive

This composition adheres to the requirements set forth by the Code and the Rules. Brief profiles of the members can be found on pages 24 to 29 of this Annual Report.

Secretary to the Committee

The Company Secretary serves as the Secretary to the Committee.

Meetings

The Committee met four (04) times during the year. Attendance of the Committee members at each of these meetings is as follows.

Mr A Cabraal (Member) – Independent Non-Executive: 4 out of 4 meetings

Mr S Shishoo (Member) – Independent Non-Executive: 4 out of 4 meetings

Mr A Talwatte (Chairman/Member) – Independent Non-Executive: 4 out of 4 meetings

Mr R Mihular (Chairman) – Independent Non-Executive: 2 out of 2 meetings

Mr S Renganathan (Member) – Independent Non-Executive: 4 out of 4 meetings

Terms of reference

The Committee's roles and functions are governed by the Rules.

Functions of the Committee

The primary function of the Committee is to review all proposed related party transactions, other than those transactions explicitly exempted under Rule 9.5 of the Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

Methodology Adopted by the Committee

The methodology adopted by the Committee is set out in the Terms of Reference of the Committee approved by the Board of Directors and are in compliance with the requirements under the Listing Rules. As such, the mandate of the Committee consists of inter alia the following:

- Adopt policies and procedures to review related party transactions of the Group.
- Review in advance all proposed related party transactions of the Group except those explicitly exempted in the Code. Any material changes to previously reviewed Related Party Transactions should also be reviewed by the Committee before completion.
- Determine whether such related party transactions require the approval of the Board and if necessary forward the same for their approval. In such instances Board approval must be obtained prior to entering into the transaction.
- If related party transactions are recurrent, the Committee shall establish guidelines for senior management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on quarterly basis shall review and assess ongoing relationships with the related party to see that they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
- If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

  When applying the Rules, the Committee should prioritise the economic substance of transactions over their legal form and technicality.
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the Listing Rules are made in a timely and detailed manner.

Activities of the Committee in 2024/2025

- The proceedings of the Committee meetings which mainly include activities under its mandate are reported to the Board of Directors. The Committee had four meetings during the year 2024/25 and details of attendance of the Committee members are set out above. The Group Chief Financial Officer, Sector Financial Controllers and Internal Audit and Compliance Officer of the Group are invited to attend meetings as and when required.
- Committee has been reported with all the related party transactions carried out for all four quarters and ensured all the transactions have been carried out at arm's length. The summary of the quarterly committee meetings were submitted and approved by the Board.
- Annual review of the Related party policy was conducted in May 2025.
- There were no non-recurrent or recurrent RPT that exceeded the respective thresholds stated in the Listing Rules of the CSE.

Professional Advice

The Committee is authorised to seek external professional advice on matters within its scope. The RPTs are audited by the Group's external auditors, Messrs. KPMG, as part of the annual audit process.

Disclosures

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in page 102 to the financial statements given in page 117 to 236 to this Annual Report.

Declaration

Related party transactions that took place during the year in terms of the Sri Lanka Accounting Standards are disclosed in the Financial Statements and have been approved by the Board of Directors and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9 of the listing rule of the CSE. It may also be noted that there were no related party transactions that occurred during the financial year under review which required approval of the shareholders of the Company as determined in Rule 9.14.6 of the Listing Rules. Please refer the Annual Report of the Board of Directors on the Affairs of the Company, pages 005 to 008 for the declaration made by the Board of Directors, confirming that no related party transaction falling within the ambit of the Listing Rules which required an immediate market disclosure was entered into by the Company during year ended 31 March 2025.

R Mihular

Chairman
Related Party Transactions Review Committee
28 May 2025

REPORT OF THE RISK AND COMPLIANCE REVIEW COMMITTEE

The Board Risk and Compliance Review Committee consists of Three (3) independent non-executive Board Directors. The Committee was chaired by Mr Reyaz Mihular and Corporate Services (Private) Limited, the Secretaries of the Company function as the Secretaries to the Board Risk Review Committee. The Group Chief Executive Officer has a standing invitation to meetings and the Group Chief Financial Officer, Internal Audit and Compliance Officer, Sector Business Heads and Heads of Finance attend meetings on request. The Charter for the Board Risk Review Committee is in line with the best practice framework and was set up in November 2020. The Charter will be reviewed annually and updated to reflect current developments and to include other matters considered necessary by the Committee.

Meetings

The Committee met four (4) times for the financial year 2024/25. The attendance of the Committee members at each of these meetings is as follows;

Attendance

Mr R Mihular (Chairman) – Independent Non-Executive
4 of 4 meetings

Mr S Shishoo (Member) – Independent Non-Executive
(Resigned w.e.f. 31 March 2025)
3 of 4 meetings

Ms A Goonetilleke (Member) – Independent Non-Executive
2 of 4 meetings

Mr S Renganathan(Member) – Independent Non-Executive
(Appointed w.e.f. 31 March 2025)

The Board Risk and Compliance Review Committee

The Board Risk Review and Compliance Committee is appointed by the Board as per section D4 of the Code of Best Practice on Corporate governance 2023. The Purpose of the Committee is to establish a Risk Management Policy and Framework to safeguard shareholders' investments and the Company's assets and to oversee and approve the Company wide risk management practices to assist the Board in:

- Overseeing that the executive team has identified and assessed all the key risks that the organisation faces and has established a risk management infrastructure and mitigation plan capable of addressing those risks
- Monitoring compliance with applicable laws, regulations, and internal policies.
- Overseeing the monitoring of applicable risks such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks
- Overseeing the division of risk-related responsibilities and performing a gap analysis to determine that the oversight of any risks is not missed
- Ensuring that risk and compliance considerations are integrated into strategic decision-making.
- In conjunction with the full board, approving the ompany's enterprise-wide risk management policy and framework

The Responsibility of the Committee

- The establishment and implementation of a risk management and compliance framework for identification of financial and non-financial risks of the Group, monitor, assess and the development of strategies to manage and mitigate those risks and regulatory non-compliances
- Periodically reviewing the Group's Risk Management Policy and disclosing, in relation to each reporting period, whether such a review has taken place
- Ensure compliance with financial/nonfinancial laws and regulations which can have a bearing on the reported results of the Company.
- Review the compliance statements of each business unit within the group and report the compliance status to the Board of Directors periodically
- Carrying out any processes or procedures required by the Group's Risk Management Policy as amended from time to time
- Review of compliance with approved Risk Management Policy
- Monitor the organisation's Risk Profile Matrix, it's ongoing and potential exposure to risks of various types

Conclusion

The Board Risk and Compliance Review Committee has periodically evaluated the risk identification and assessment process of risks in the business units/sectors and mitigation actions taken to control or eliminate the potential business risks. The evaluation is based on the risk matrix given the probability of occurrence of the event and the potential impact to the business.

The Committee is confident that the Company has maintained a robust risk and compliance framework throughout the year. The Committee remains committed to continuous improvement and will continue to support the Board in ensuring that risk and compliance considerations remain central to the Group's operations and strategic direction.

On behalf of the Board Risk Review Committee.

R. Mihular
Chairman
28 May 2025

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

SUN Risk Management Policy serves as an overarching mandate for the effective management of risks within the Group. The Risk Management Policy was implemented in line with section 9 of the new CSE listing rules on Corporate Governance.

Overview

Given the highly dynamic nature of its operations, SUN Group risk universe is constantly evolving, influenced by changes in the regulatory landscape, economic conditions, technological advancements, and emerging market trend, making effective management of risks imperative to achieving the Group's business objectives, over the short medium and long term. As risks become increasingly interconnected, SUN has discovered that multiple risks can converge to impact a single business objective, requiring careful coordination and mitigation strategies. On the other hand, a single risk may have far-reaching consequences across several objectives, underscoring the importance of early identification, continuous monitoring, and proactive responses. Acknowledging the complexity of its risk universe, SUN adopts a holistic and forward-looking approach to risk management to strike a balance between resilience and sustainable value creation.

Approach to Risk Management

SUN's Risk Management Policy serves as an overarching mandate for the effective management of risks within the Group. The Risk Management Policy was implemented in line with section 9 of the new CSE listing rules on Corporate Governance. The Board approved Policy formalises the Integrated Risk Management Framework to support effective decision-making in order to mitigate potential threats, while leverage opportunities for sustained business growth. To that end the framework establishes a comprehensive system of polices, procedures and protocols for identifying, assessing, and mitigating all financial and non-financial risks as well as emerging risks, ensuring all significant risks are considered, and every potential threat is evaluated within the context of its possible impact on the Group.

Risk Management Framework

Board of Directors

Board Investment Committee	Chief Growth Officer
Board Related Party Transactions Review Committee	Group Chief Financial Officer
Board Remuneration Committee	Group Chief People and Corporate Communication Officer
Board Nomination and Governance Committee	Group Chief Executive Officer
Board Audit Committee	Group Chief Financial Officer
Board Risk and Compliance Review Committee	Group Chief Financial Officer

Monitoring, Reviewing and Reporting

Board of Directors

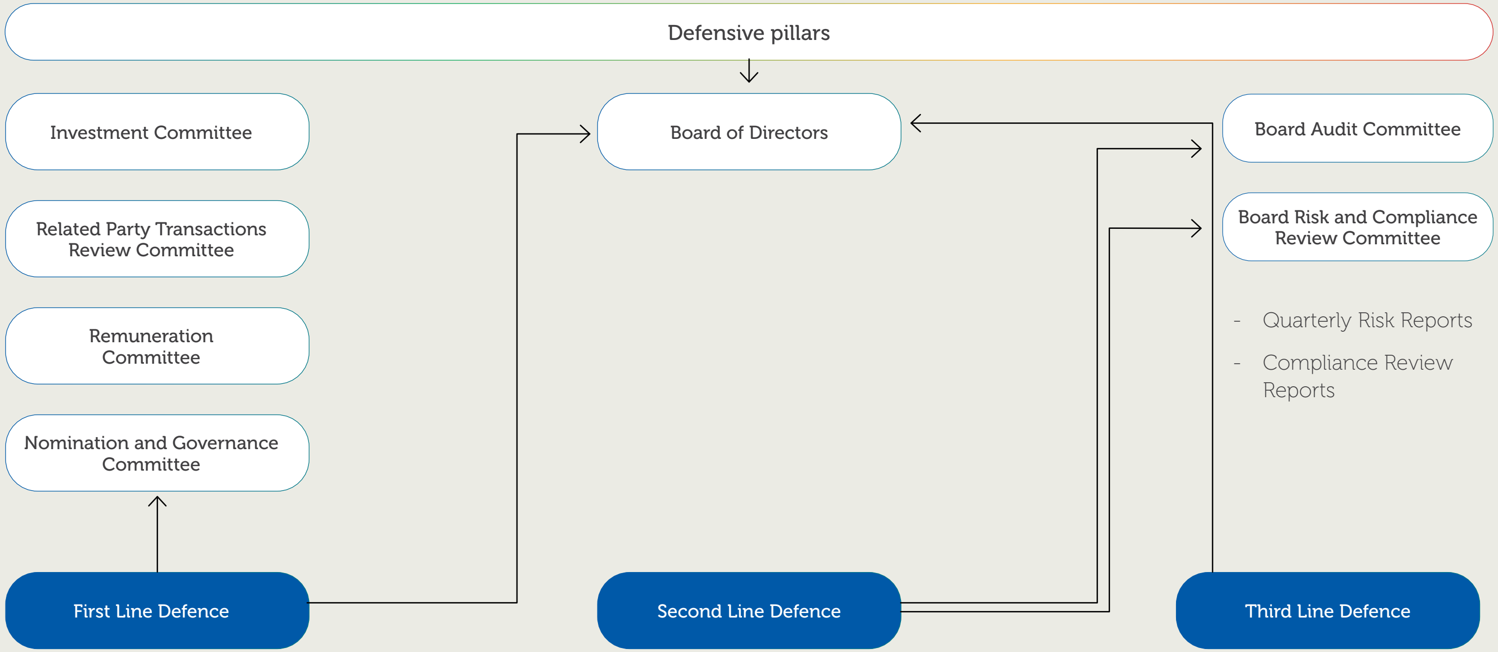
Serves as the apex governing body for the Group integrated Risk Management Framework

Board Risk and Compliance Reiwew Committee

Reviews Risk reports evaluares the effectiveness of risk mitigation controls and ensure compliance with staturation requirement

Board Audit Committee

Overse the integrity of financial reporting, the effectiveness of internal controls and risk management, and the performance of internal and external audit functions.



Continues management of Risks

- Group CEO
- Executive Committee Members
- Business Unit Heads

The first-line-of-defence is represented by various business units who are tasked with managing operational risks within their functional areas. They are responsible for implementing established risk policies and procedures while identifying potential vulnerabilities in the day to day company operations. Part of the responsibilities of the first line of defence includes cross-functional collaboration to identify, assess, and manage risks, ensuring a cohesive and unified approach to risk mitigation.

Risk Management

- Risk and Compliance Unit
- Management committees for setting up framework and policies

The second line of defence comprises Group Compliance Department and Risk and Compliance of Each Business Unit. They are primarily responsible for developing methodologies, policies, and procedures for risk management in line with the Board approved Risk Management policy, and monitoring various risk exposures within the Board approved risk appetite and tolerance limits. The Internal Audit and Compliance Officer provides the Board with quarterly updates on the Company's compliance with applicable regulations, policies, and procedures, along with a quarterly risk dashboard capturing key risk exposures is submitted to the Group Risk and Compliance Committee. As part of its responsibilities, the Each Business Unit conducts PEST (Political, Economic, Social, and Technological) analysis to determine necessary improvements to risk-related policies and procedures in line with the evolving external environment. These recommendations are reported to the Board Audit Committee for necessary action.

Third Line Defence

- Internal Audit
- External Audit

The Company's Internal Audit Function serves as the third line of defence, providing independent assurance regarding the efficacy of the Company's risk management framework. In its capacity as an independent observer, the Internal Audit function reports directly to the Board Audit Committee (BAC). The Company's external auditors and regulators also play a role in providing independent assurance.

Managing Sunshine Holdings PLC Key Risks

Serial Number	Headline Risk	Related Risk	Risk	Risk Control Measure/Mitigation Action
1	Political/ Regulatory	Changes in Government policies	The government regulates the prices of pharmaceutical and medical device products to ensure they remain affordable and accessible. The government's policy supporting local manufacturing may impact procurement practices, potentially prioritising domestically produced goods	(a) Ongoing negotiations with principals to transfer price control risk by reducing CIF. (b) Revenue growth driven by volume. (c) Lobbying and discussions with regulators to increase product MRP to mitigate currency devaluation risks. (d) Advocacy through industry associations/memberships for pricing formula for pharmaceuticals and healthcare products.
2	External	Exchange rate movements and limited foreign currency reserves	Potential loss due to adverse exchange rate fluctuations Limited availability of US dollars in the banking system, disrupting the supply chain	(a) Negotiating with principals to establish fixed exchange rates in contracts. (b) Settling bills prematurely at favorable exchange rates or making advance payments to suppliers. (c) Diligently managing foreign currency inflows within the group and prioritising availability of foreign currency/US dollars for life-saving pharmaceuticals and healthcare products.
3	Strategic	Government policy on oil palm expansion/ cultivation	Challenges to expanding palm oil production include new regulations banning replanting and increasing social pressure. These regulations restrict the ability to renew plantations, limiting growth opportunities	(a) Diversifying into other crops. (b) Engaging with government agencies and Planter Association for constructive discussions on cultivation best practices and environmental protection. (c) Obtaining RSPO certification. (d) Implementing public awareness programs.
4	Strategic	Debtors – Government	Potential debtor write-offs occur when debts cannot be recovered, impacting the Company's profitability and cash flow	(a) Establishment of a focused recovery team for the government sector. (b) Integration of ECL calculation into Audited Financials. (c) Allocation of a monthly provision of Rs. 5 Mn. for FY 25.

FINANCIAL REPORTS

STATEMENT OF DIRECTORS' RESPONSIBILITY

This Statement of Directors' Responsibility should be read in conjunction with the Report of the Auditors. It aims to clarify the distinct roles and duties of the Directors and the Auditors regarding the Financial Statements included in this Annual Report.

Responsibilities of the Directors

Under the Companies Act No. 07 of 2007, the Directors are obligated to prepare financial statements for each financial year that provide a true and fair view of the Company's and the Group's financial position at the end of the year, as well as their income and expenditure for the year. The Directors confirm that the Financial Statements for the year ended 31 March 2025 have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and the Companies Act No. 07 of 2007.

In preparing these Financial Statements, the Directors have:

- Selected and consistently applied appropriate accounting policies.
- Made reasonable and prudent judgments and estimates.
- Followed applicable accounting standards.
- Prepared the Financial Statements on a going concern basis.

The Directors believe that sufficient resources are available for the Company to continue operations in the foreseeable future. They have taken all reasonable measures to safeguard the Company's and the Group's assets, established robust internal controls, and ensured the security of information systems to prevent, deter, and detect fraud, misappropriation, or other irregularities. Additionally, the Directors have ensured that accurate accounting records are maintained, capturing all transactions and providing an accurate disclosure of the Company's financial position.

Responsibilities to the Auditors

The Directors are committed to providing the Auditors with all necessary information and explanations and ensuring they have the opportunity to perform their audit procedures. The Directors believe they have fulfilled their responsibilities in this regard.

Compliance Report

To the best of their knowledge, the Directors confirm that all taxes, levies, and other statutory obligations payable by the Company as of the reporting date have been paid or appropriately provided for in the Financial Statements. The Directors have also obtained compliance reports from senior management on a quarterly basis covering areas such as Finance, Regulatory Requirements, Human Resources, Insurance, Company Secretarial, and Information Security Controls.

As required by section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors confirms that the Company satisfies the Solvency Test immediately after proposed distributions, and under any other circumstances as mandated by the Companies Act No. 07 of 2007.
By Order of the Board

S Sathasivam
Executive Director/
Group Chief Executive Officer

R Mihular
Non Executive Independent Director

28 May 2025

GROUP CHIEF EXECUTIVE OFFICER'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Consolidated Financial Statements of Sunshine Holdings PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The accounting policies applied in preparing the Consolidated Financial Statements are appropriate and consistently followed by the Company. Any material departures are disclosed and explained in the notes to the Consolidated Financial Statements. There are no deviations from the prescribed accounting standards. Comparative information has been reclassified as necessary to align with the current presentation.

Significant accounting policies and estimates, which involve substantial judgment and complexity, have been discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee, and the Group Chief Financial Officer take responsibility for the integrity and objectivity of these Consolidated Financial Statements. Estimates and judgments were made prudently and reasonably to ensure that the Consolidated Financial Statements accurately reflect the transactions and present the Company's financial position fairly. To support this, the Company has implemented a robust internal control system and maintains thorough accounting records to safeguard assets and prevent fraud and other irregularities, which are continuously reviewed and updated.

Our Subsidiaries' Internal Auditors conduct periodic audits to provide reasonable assurance that the Company's policies and procedures are consistently followed. Nonetheless, inherent limitations exist in any system of internal controls and accounting.

Messrs. KPMG, Chartered Accountants, audited the Company's Consolidated Financial Statements, and their report can be found on page 112 of this Annual Report. The Audit Committee regularly meets with the internal audit team and the External Auditors to review audit plans, evaluate their performance, and discuss reports on internal controls and financial reporting issues.
To maintain complete independence, the External Auditors and Internal Auditors have unrestricted access to the Audit Committee for discussing significant matters.

The Audit Committee pre-approves all audit and non-audit services provided by our External Auditors, KPMG, to ensure their independence is not compromised. We confirm that the Company complies with all applicable laws, regulations, and guidelines and that there are no material litigations pending against the Company, other than those disclosed in the Financial Statements within this Annual Report.

S Sathasivam
Executive Director/
Group Chief Executive Officer

Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

28 May 2025

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunshine Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 128 to 134 of this Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Impairment testing of goodwill	
Refer to Note 24.6 to the consolidated financial statements and the accounting policies on page 181. As at 31 March 2025 the carrying value of the goodwill reported by the Group, which resulted from the acquisition of three subsidiaries in Health sector and two subsidiaries in Consumer sector amounting to Rs. 1,311 Mn.	
Risks Description	*Our responses*
The majority of goodwill of the Group has been allocated to the Health sector, manufacturing and distribution cash-generating unit (CGU), and Company has been allocated to the Consumer sector cash-generating unit (CGU). The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models. These approaches and models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value, growth rates and the weighted-average cost of capital (discount rate). Judgement has to be applied by the management as a result of the uncertainties associated with the prevailing economic environment. Estimation uncertainty has resulted in increased judgement in forecasting cash flows and the underlying assumptions used in the discounted cash flow models.	Our audit procedures to assess the potential impairment of goodwill included the following: • Evaluating the appropriateness of the assumptions applied by the management to key inputs such as sales volumes and prices, operating costs, inflation, and long-term growth rates, which included comparing these inputs with our own assessments based on our knowledge of the Group and the industry; • Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cashflows to evaluate the impact on the currently estimated headroom for the Health sector manufacturing and distribution and Consumer sector cash-generating units (CGUs); and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements and sensitivities.
Measurement of Biological Assets	
Refer to Note 22 (accounting policy and financial statement disclosures) to these financial statements. The Group reported bearer biological assets of Rs. 2.28 Bn., and biological assets livestock carried at fair value amounting to Rs. 0.88 Bn. as at 31 March 2025.	
Bearer biological assets mainly include mature and immature palm oil, tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point at which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. The biological assets livestock include cattle, which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discounting factor.	Our audit procedures to assess the measurement of Biological assets included the following: ***Bearer biological assets*** • Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer biological assets; • Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified;

KPMG

Risks Description	*Our responses*
Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Considering the nature the assets, valuation techniques include discounted cashflow models that used a number of inputs from internal sources due to lack of relevant reliable observable inputs. Consequently, we have considered the Biological assets to be a key audit matter.	• Physical verification of fields on a sample basis and cross checking with the classification of immature and mature plantations; • Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the Group accounting policy and industry norms. ***Livestock Biological assets*** • Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relation to the valuation of livestock; • Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards; • Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattle in evaluating the appropriateness of the valuation methodology and discount rate use;. • Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cattle during the year. • Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data; and • Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements and sensitivities

KPMG

Valuation of unquoted investments classified as FVOCI

Refer to Note 18 (accounting policy), Note 26.2.1 (financial statement disclosures) to these financial statements.

Valuation of Unquoted Equity Instruments at Fair Value Through Other Comprehensive Income (FVOCI).

The Group's portfolio of Investments comprised of financial assets classified at FVOCI as at 31 March 2025 which comprise investment in unquoted shares of Rs. 468.7 Mn. which have been valued using discounted cash flows.

Risks Description	*Our responses*
The fair value of the Company/Group's unquoted (Level 3) financial instruments is determined by the Group through the application of valuation techniques which often involved the exercise of judgement and the use of assumptions and estimates. We focused on this area because of the degree of complexity associated with the valuation methodology and model increase in subjectivity and estimate uncertainty. In particular, the determination of the valuation of these unquoted investments is more subjective given the lack of available market-based observable data of the unquoted equity instruments.	Our audit procedures to assess the valuation of unquoted investment included the following: • Documenting and assessing the design and implementation of the investment valuation processes and key controls relating specifically to these financial instruments; • Evaluating the key assumptions used and discount factor applied by the management to develop the cash flow projections and assessing whether the estimate reflected the uncertainties associated with the prevailing economic conditions; • Comparing key underlying financial data inputs used in the valuation with the external sources such as investee company audited financial statements; and • Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the applicable accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

KPMG

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2294.

KPMG
CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
3 June 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Restated Rs. '000	Group 2024 Previously Stated Rs. '000	Company 2025 Rs. '000	Company 2024 Restated Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Continuing operations								
Revenue	10	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290
Cost of sales		(41,434,404)	(38,680,900)	(38,293,643)	(730,870)	(387,258)	(387,258)	–
Gross profit		17,847,843	16,741,247	17,240,243	18,970	65,611	87,900	2,070,290
Dividend Income		61,303	111,740	–	2,395,266	2,070,290	2,070,290	–
Other income	11	589,893	326,417	315,094	129,410	48,421	50,364	489,970
(Loss)/Gain on changes in fair value of biological assets		(321,221)	39,989	39,990	–	–	–	–
Selling and distribution expenses		(5,325,073)	(5,260,705)	(5,260,705)	–	–	–	–
Administrative expenses		(3,497,910)	(3,296,296)	(3,672,230)	(424,765)	(367,982)	(359,349)	(743,919)
Impairment of Goodwill	24.6	(76,373)	–	–	–	–	–	–
Operating profit	12	9,278,462	8,662,392	8,662,392	2,118,881	1,816,340	1,849,205	1,816,341
Finance income	13	503,253	577,588	577,588	96,212	159,616	139,246	159,616
Finance costs	13	(810,870)	(1,168,094)	(1,168,094)	(4,321)	(1,217)	(1,217)	(1,217)
Net finance costs		(307,617)	(590,506)	(590,506)	91,891	158,399	138,029	158,399
Profit before tax		8,970,845	8,071,886	8,071,886	2,210,772	1,974,739	1,987,234	1,974,740
Income tax expenses	14.1	(3,056,720)	(2,052,638)	(2,052,638)	32,923	17,289	17,289	17,289
Profit for the year		5,914,125	6,019,248	6,019,248	2,243,695	1,992,028	2,004,523	1,992,029
Other comprehensive income/(expense)								
Items that will not be reclassified to profit or loss								
Equity investments at FVOCI – net change in fair value	26.2	(216,354)	360,558	360,558	(216,354)	360,558	360,558	360,558
Related tax		104,980	(101,089)	(101,089)	61,853	(105,565)	(105,565)	(105,565)
Acrurial gain/(loss)	35.1	(136,998)	(24,249)	(24,249)	10,176	(8,673)	(8,673)	(8,673)
Foreign operations – foreign currency translation differences		(410)	(3,335)	(3,335)	–	–	–	–
Other comprehensive income/(expense) for the year		(248,782)	231,885	231,885	(144,325)	246,320	246,320	246,320
Total comprehensive income/(expense) for the year		5,665,343	6,251,133	6,251,133	2,099,370	2,238,348	2,250,843	2,238,349

For the year ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Restated Rs. '000	Group 2024 Previously Stated Rs. '000	Company 2025 Rs. '000	Company 2024 Restated Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Profit attributable to:								
Owners of the Company		4,239,533	4,471,042	4,471,042	2,243,695	1,992,028	2,004,523	1,992,029
Non-controlling interests		1,674,592	1,548,206	1,548,206	–	–	–	–
Other comprehensive income/ (expense) attributable to:								
Owners of the Company		(201,252)	238,670	238,670	(144,325)	246,320	246,320	246,320
Non-controlling interest		(47,530)	(6,785)	(6,785)	–	–	–	–
Total comprehensive income/ (expense) for the year		5,665,343	6,251,133	6,251,133	2,099,370	2,238,348	2,250,843	2,238,349
Earnings per share								
Basic earnings per share	16.1	2.15	2.27	2.27	1.14	1.01	1.02	1.01
Diluted earnings per share	16.1	2.15	2.27	2.27	1.14	1.01	1.02	1.01

Figures in brackets indicate deductions.

The notes to the financial statements on pages 128 to 231 are integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Assets						
Property, plant and equipment	19	6,828,565	6,641,907	61,714	8,652	8,652
Intangible assets	20	235,132	277,903	9,796	14,490	14,490
Leasehold land	21	409,805	359,851	–	–	–
Biological assets	22	3,317,573	3,658,653	–	–	–
Investment property	23	570,199	631,212	901,730	845,658	–
Investments in subsidiaries	24	–	–	7,325,815	7,325,815	7,747,698
Other investments	26	578,045	833,617	572,918	782,224	782,224
Deferred tax assets	27	374,924	420,127	14,689	–	31,602
Goodwill on acquisition	24.6	1,310,733	1,387,106	–	–	–
Non-current assets		13,624,976	14,210,376	8,886,662	8,976,840	8,584,666
Biological assets	22	36,510	70,867	–	–	–
Inventories	28	13,860,452	12,063,288	–	296	296
Other investments	26	4,489,534	1,770,256	1,890,123	846,226	846,226
Current tax assets	29	143,552	139,136	97,667	75,566	75,566
Trade and other receivables	30	9,796,632	9,782,520	18,193	72,132	44,017
Amounts due from related parties	31	326,356	31,747	9,459	26,193	257,990
Cash and cash equivalents	32	5,875,414	5,403,789	288,928	734,571	723,291
Current assets		34,528,450	29,261,603	2,304,370	1,754,983	1,947,386
Total assets		48,153,426	43,471,979	11,191,032	10,731,823	10,532,052
Equity						
Stated capital	33	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394
Reserves	33	92,933	430,473	286,264	430,590	430,590
Retained earnings		15,965,699	14,233,958	6,211,099	5,689,313	5,572,519
Equity attributable to owners of the Company		20,299,026	18,904,825	10,737,757	10,360,297	10,243,503
Non-controlling interests	33	6,748,189	3,767,868	–	–	–
Total equity		27,047,215	22,672,693	10,737,757	10,360,297	10,243,503
Liabilities						

As at 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Loans and borrowings	34	1,948,938	1,676,016	–	–	–
Employee benefits	35	1,221,861	1,009,377	229,653	190,922	190,922
Deferred income and capital grants	36	34,173	36,726	–	–	–
Deferred tax liabilities	27	1,610,069	1,686,737	–	80,091	–
Non-current liabilities		4,815,041	4,408,856	229,653	271,013	190,922
Loans and borrowings	34	4,921,953	5,311,993	29,763	–	–
Trade and other payables	37	9,209,949	7,603,511	193,857	100,234	97,345
Amounts due to related parties	38	–	–	2	282	282
Current tax liabilities	29	1,410,124	785,681	–	–	–
Bank overdraft	32	749,144	2,689,245	–	–	–
Current liabilities		16,291,170	16,390,430	223,622	100,516	97,627
Total liabilities		21,106,211	20,799,286	453,272	371,529	288,549
Total equity and liabilities		48,153,426	43,471,979	11,191,032	10,731,823	10,532,052
Net assets per share		10.32	9.61	5.46	5.26	5.21

Figures in brackets indicate deductions.

The notes to the financial statements on pages 128 to 231 are integral part of these consolidated financial statements.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

A Deepthikumara
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board,

A Cabraal
Chairman

S Sathasivam
Group Chief Executive Officer

28 May 2025
Colombo

Group

For the year ended 31 March	Attributable to owners of the Company							
	Stated capital Rs. '000	General reserve Rs. '000	Reserve on exchange gain/(loss) Rs. '000	Fair value reserve Rs. '000	Retained earnings Rs. '000	Total Rs. '000	Non-controlling interests Rs. '000	Total equity Rs. '000
Balance as at 1 April 2023	4,240,394	1,258	4,935	185,610	11,356,303	15,788,500	3,448,610	19,237,110
Total comprehensive income								
Profit for the year	–	–	–	–	4,471,041	4,471,041	1,548,206	6,019,248
Total other comprehensive income for the year	–	–	(3,335)	242,006	–	238,670	(6,785)	231,885
Total comprehensive income for the year	–	–	(3,335)	242,006	4,471,041	4,709,711	1,541,421	6,251,132
Dividend paid to owners for 2022/23	–	–	–	–	(565,770)	(565,770)	–	(565,770)
Dividend paid to owners for 2023/24	–	–	–	–	(491,974)	(491,974)	(1,365,219)	(1,857,193)
Lina Manufacturing (Pvt) Ltd and Lina Spiro (Pvt) Ltd Share Swap	–	–	–	–	(96,918)	(96,918)	189,918	93,000
WHT payment on dividend distribution	–	–	–	–	(438,724)	(438,724)	(46,862)	(485,586)
Balance as at 31 March 2024	4,240,394	1,258	1,600	427,615	14,233,958	18,904,825	3,767,868	22,672,693
Balance as 1 April 2024	4,240,394	1,258	1,600	427,615	14,233,958	18,904,825	3,767,868	22,672,693
Profit for the period	–	–	–	–	4,239,533	4,239,533	1,674,593	5,914,125
Total other comprehensive income for the period	–	–	(410)	(200,842)	–	(201,252)	(47,530)	(248,782)
Adjustment for Investment property	–	–	–	(136,288)	–	(136,288)	–	(136,288)
Share issue to IFC	–	–	–	–	–	–	3,270,000	3,270,000
Share issue cost to IFC	–	–	–	–	(60,658)	(60,658)	–	(60,658)
Share isuued by Lina Manufacturing to NCI	–	–	–	–	–	–	256,827	256,827
Equity adjustment on changes in holding in Lina	–	–	–	–	16,390	16,390	(16,390)	–
Dividend set-off during the year	–	–	–	–	7,680	7,680	–	7,680
Dividend paid to owners for 2023/24	–	–	–	–	(983,947)	(983,947)	(793,711)	(1,777,658)
Dividend paid to owners for 2024/25	–	–	–	–	(737,960)	(737,960)	(1,208,300)	(1,946,260)
WHT payment on dividend distribution	–	–	–	–	(749,297)	(749,297)	(155,168)	(904,465)
Balance as at 31 March 2025	4,240,394	1,258	1,190	90,485	15,965,699	20,299,026	6,748,189	27,047,215

Company

For the year ended 31 March	Stated capital Rs. '000	General reserve Rs. '000	Fair value reserve Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2023	4,240,394	1,258	183,012	4,638,236	9,062,900
SPL Amalgamation adjustment	–	–	–	104,295	104,295
Adjusted balance as at 1 April 2023	4,240,394	1,258	183,012	4,742,533	9,167,197
Profit for the year	–	–	–	2,004,522	2,004,522
Total other comprehensive income for the year	–	–	246,320	–	246,320
Total comprehensive income for the year	–	–	246,320	2,004,522	2,250,842
Dividend Paid to owners for 2022/23	–	–	–	(565,770)	(565,770)
Dividend Paid to owners for 2023/24				(491,974)	(491,974)
Balance as at 31 March 2024	4,240,394	1,258	429,332	5,689,313	10,360,297
Balance as at 1 April 2024	4,240,394	1,258	429,332	5,689,313	10,360,297
Profit for the year	–	–	–	2,243,695	2,243,695
Total other comprehensive income for the year	–	–	(144,326)	–	(144,325)
Total comprehensive income for the year	–	–	(144,326)	2,243,695	2,099,370
Dividend Paid to owners for 2022/23	–	–	–	(983,947)	(983,947)
Dividend Paid to owners for 2023/24	–	–	–	(737,960)	(737,960)
Balance as at 31 March 2025	4,240,394	1,258	285,006	6,211,099	10,737,757

Figures in brackets indicate deductions.

The notes to the financial statements on pages 128 to 231 are integral part of these consolidated financial statements.

sunshine
Bringing good things to life

Group

For the year ended	Year ended 31 March 2025 Rs. '000	Previously Stated Year ended 31 March 2024 Rs. '000
Cash flows from operating activities		
Profit before income tax	8,970,846	8,071,886
Adjustments for;		
Interest income	(390,506)	(525,313)
Profit on disposal of property, plant and equipment	(80,746)	2,221
Fair value changes in livestock	–	(29,431)
Interest expense	809,228	980,115
Reversal of impairement of investment in subsidiary	–	–
Depreciation of property, plant and equipment	746,069	771,098
Amortisation of intangible assets	72,565	92,214
Depreciation of mature planations	176,423	179,312
Provision/(reversal) for bad and doubtful debts	306,685	318,629
Provision/(reversal) of impairment of inventories	(8,718)	103,939
Amortisation of deferred income	(2,553)	(2,358)
Amortisation of lesehold land right	20,875	17,536
Fair value (gain)/loss on investment properties	(49,464)	–
Impairment of goodwill	76,373	–
Fair value (gain)/loss on investments	(10,818)	6,352
Provision for gratuity excluding acturial gain/loss	216,040	235,618
Fair value gain/loss on consumer biological assets	321,222	(10,558)
Fair value adjustment on lease liability	6,438	26,849
Re-messurment of lease liability	(584,905)	87,787
Operating profit before working capital changes	10,595,053	10,325,896
(Increase)/decrease in inventories	(1,788,446)	(2,306,107)
(Increase)/decrease in trade and other receivables	(320,797)	(2,208,854)
(Increase)/decrease in amounts due from related parties	(294,607)	117,693
Increase/(decrease) in trade and other payables	1,606,444	1,179,565
Increase/(decrease) in amounts due to related parties	–	(55,000)
Cash generated from/(used in) operations	9,797,646	7,053,193
Interest paid	(501,602)	(660,921)
Income tax paid	(3,373,548)	(2,226,550)
Gratuity paid	(140,555)	(133,626)
Net cash from operating activities	5,781,942	4,032,096

For the year ended	Year ended 31 March 2025 Rs. '000	Previously Stated Year ended 31 March 2024 Rs. '000
Cash flows from investing activities		
Interest received	390,130	525,313
(Investments)/disposal in other investments	(491,779)	882,237
(Investments)/disposal in short term investments	(2,011,109)	(1,540,386)
(Investments)/disposal in gratuity fund	50,000	9,000
Additions to bearer plants	(34,077)	(36,021)
Additions of live stock	(186,813)	(306,209)
Acquisition of PPE	(1,010,352)	(709,789)
Acquisition of intangible assets	(32,764)	(21,006)
Proceeds from disposal of PPE	177,961	30,121
Proceeds from sales of livestock	98,682	63,122
Proceeeds from shares issued by subsidiary to NCI	3,209,342	93,000
Disposal of investment property	94,534	–
Acquisition of investment property	(3,693)	(3,685)
Net cash generated from/(used in) investing activities	250,063	(1,014,303)
Cash flows from financing activities		
Receipts of interest bearing borrowings	20,009,180	4,195,897
Proceeds from share issued by subsidiaries to NCI		–
Repayments of interest bearing borrowings	(19,629,452)	(2,958,226)
Payment to lease creditor	(139,804)	(116,255)
Dividend paid	(3,723,918)	(2,422,963)
Net cash from/(used in) financing activities	(3,483,994)	(1,301,546)
Net increase/(decrease) in cash and cash equivalents	2,548,013	1,716,247
Cash and cash equivalents at the beginning of the period	2,714,544	1,001,633
Effect of exchange rate changes on cash and cash equivalents	(136,287)	(3,335)
Cash and cash equivalents at the end of the period	5,126,270	2,714,544
Cash and cash equivalents		
Cash in hand and bank	5,875,414	5,403,789
Bank overdraft	(749,144)	(2,689,245)
	5,126,271	2,714,544

Figures in brackets indicate deductions.

Company

For the year ended	Year ended 31 March 2025 Rs. '000	Amalgamated Year ended 31 March 2024 Rs. '000	Previously Stated Year ended 31 March 2024 Rs. '000
Cash flows from operating activities			
Profit before income tax	2,210,772	1,987,233	1,974,740
Adjustments for;			
Interest income	(96,212)	(159,616)	(159,616)
Interest expense	4,321	21,588	1,218
Fair Value of Investment property	(56,072)	–	–
Impairment of intercompany loan	–	–	14,000
Impairement of investment in subsidiary	–	–	1,034
Fair value gain/loss in quoted shares and unit trust	–	13,462.15	13,462
Depreciation of property, plant and equipment	36,525	28,112.72	28,113
Provision for gratuity	49,429	40,992.93	40,993
Operating profit before working capital changes	2,148,764	1,931,773	1,913,944
(Increase)/decrease in trade and other receivables	53,940	(19,763)	(15,883)
(Increase)/decrease in inventory	296	1,587	1,587
(Increase)/decrease in amounts due from related parties	16,733	(48,038)	(38,122)
Increase/(decrease) in trade and other payables	93,621	60,255	63,187
Increase/(decrease) in amounts due to related parties	(280)	269	269
Cash generated from/(used in) operations	2,313,074	1,926,084	1,924,982
Interest paid	(10,933)	(6,971)	(1,218)
Income tax paid	(22,101)	–	–
Employee gratuity paid	(523)	–	–
Net cash generated from/(used in) operating activities	2,279,517	1,919,113	1,923,763
Interest received	100,473	153,359	153,359
Investments in subsidiaries	–	(500,000)	(500,000)

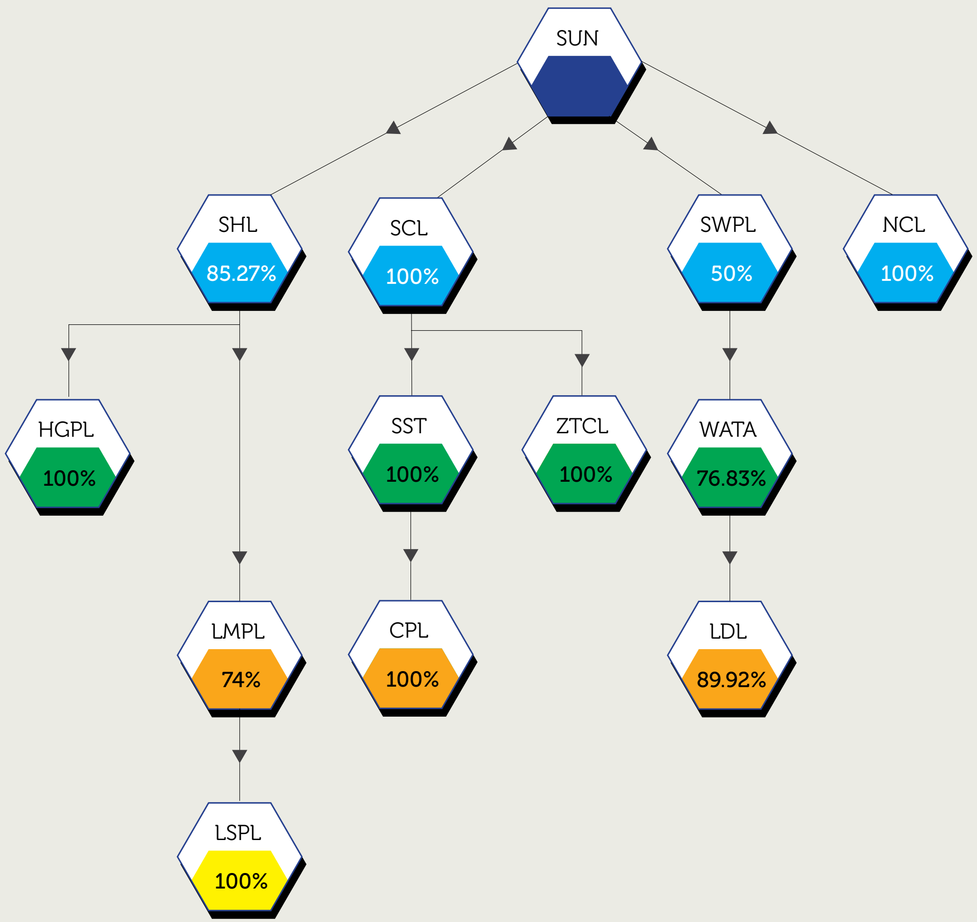
For the year ended	Year ended 31 March 2025 Rs. '000	Amalgamated Year ended 31 March 2024 Rs. '000	Previously Stated Year ended 31 March 2024 Rs. '000
(Investments)/disposal of quoted shares	7,549	–	–
(Investments)/disposal of unquoted shares	(14,634)	–	–
Acquisition of investement property	–	(3,685)	–
(Investments)/disposal in short term investments	(1,041,510)	(574,364)	(574,364)
Acquisition of intangible assets	(610)	–	–
Proceed from disposal of property, plant and equipment	737	–	–
Acquisition of property, plant and equipment	(34,706)	(5,973)	(5,973)
Net cash used in investing activities	(982,700)	(930,662)	(926,978)
Cash flows from financing activities			
Payment of lease liabilities	(20,551)	(19,777)	(19,777)
Dividend paid	(1,721,908)	(1,057,744)	(1,057,744)
Net cash generated from/(used in) financing activities	(1,742,458)	(1,077,520)	(1,077,520)
Net increase/(decrease) in cash and cash equivalents	(445,643)	(89,069)	(90,734)
Cash and cash equivalents at the beginning of the period	734,571	823,640	814,025
Cash and cash equivalents at the end of the year	288,928	734,571	723,291
Cash in hand and bank	288,928	734,571	723,291
	288,928	734,571	723,291

Figures in brackets indicate deductions.

The Accounting Policies and Notes from pages 128 to 231 an integral part of these Financial Statements.

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

GROUP STRUCTURE



Abbreviation

SUN	Sunshine Holdings PLC
SHL	Sunshine Healthcare Lanka Ltd.
HGPL	Healthguard Pharmacy Ltd.
SCL	Sunshine Consumer Lanka Ltd.
SST	Sunshine Tea (Pvt) Ltd.
LMPL	Lina Manufacturing (Pvt) Ltd.
LSPL	Lina Spiro (Pvt) Ltd.
SWPL	Sunshine Wilmar (Pvt) Ltd.
WATA	Watawala Plantations PLC
LDL	Lonach dairy Ltd. (formerly known as Watawala Dairy Ltd.)
CPL	Century Properties Ltd.
ZTCL	Zesta Tea Ceylon (Shenzhen) Co. Ltd.
NCL	Norris Canal Properties (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

1.1. Domicile and legal form

Sunshine Holdings PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office and principle place of business of the Company is located at No. 60, Dharmapala Mawatha, Colombo 3.

Total staff strength of the Company and the Group on 31 March 2025 was as follow:

Group 1,909 (31 March 2024 – 1,703)

Company 73 (31 March 2024 – 29)

1.2 Consolidated and separate Financial Statements

The consolidated financial statements of Sunshine Holdings PLC as at and for the year ended 31 March 2025 comprise the financial information of Company and its subsidiaries (together referred to as "the Group" and encompass the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries are listed in Note 24.

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

1.3 Merger Accounting for Common Control Combination

The Group continues to apply the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Combinations, issued by the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. This SORP is applicable for Consolidated Financial Statements and is effective for annual periods beginning on or after 1 April 2020.

In the absence of specific guidance on accounting for amalgamations in the Separate Financial Statements, the Group has elected to consistently apply the same SORP in the preparation of the Separate Financial Statements of the Company.

1.4 Parent entity and ultimate parent entity

The Ultimate parent of Sunshine Holdings PLC is Lamurep Investments Limited. The Company is the parent of the Group companies.

1.5 Principal business activities, nature of operations of the Group and ownership by the Company in its subsidiaries and associates

The Group structure is given on page 127.

Entity	Principal business activity
Sunshine Holdings PLC	Managing portfolio of businesses through shared services
Subsidiaries	
Sunshine Healthcare Lanka Ltd.	Import and distribution of pharmaceutical products island wide
Healthguard Pharmacy Ltd.	Engaged in buying and selling of pharmaceutical and healthcare items through its chains of pharmacies
Lina Manufacturing (Pvt) Ltd.	Manufacturing of medicinal drugs
Lina Spiro (Pvt) Ltd.	Manufacturing of inhealers
Watawala plantations PLC	Engaged in cultivation, manufacture and sale of crude palm oil
Lonach Dairy Limited (Formely known as "Watawala Dairy Ltd.")	Engaged in dairy farming
Sunshine Consumer Lanka Ltd.	Buying and adding value to tea for local and export markets and manufacturing and selling confectionery items
Zesta Tea Ceylon (Shenzhen) Co. Limited	Wholesale, retail and import and export of tea leaves, tea set raw materials and accessories
Norris Canal Properties (Pvt) Ltd.	Engage in renting out premises and earn rental income
Sunshine Tea (Pvt) Ltd	Tea Packaging and Export

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

Refer Note 24 for the changes in the group structure during the year.

2. Basis of accounting

2.1 Statement of compliance

These consolidated financial statements of the Group and the Separated Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS's and LKAS's) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.2 Responsibiity for Financial Statements

The Board of Directors acknowledges this responsibility as set out in the 'Statement of Directors' Responsibility for Financial Statements', 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of this Annual Report on pages 119 and 120 respectively.

2.3 Approval of Financial Statements by Directors

The financial statements of the Group and the Company were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 28 May 2025.

These financial statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review; (Refer pages 117 and 118).
- a Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end; (Refer pages 119 and 120).
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and Company; (Refer pages 121 and 122).
- a Statement of Cash Flows providing information to the users, on the ability of the Group and Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows; (Refer pages 123 to 126).
- Notes to the financial statements comprising materail accounting policies and other explanatory information. (Refer pages 128 to 231).

2.4 Materiality and aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 – Presentation of financial statements.

2.5 Going concern

The Group's financial statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which takes into account the uncertainities associated with the prevailing economic conditions, and their possible effects on the Group's business operations, profitability, liquidity and capital.

2.6 Rounding

All Financials information presented in Sri Lankan Rupees have been rounded to the nearest thousand (Rs '000) , except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

2.8 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year. Accordingly, the comparative figures were restated to reflect following chnages;

1. With effect from 1 April 2023, the business model of SUN has changed from a Investment focused company to a shared service provider. Accordingly Company has reclassified the revenue stream to reflect the strategic focus, enhance transparency and to present the actual nature of operation. As a result, Rs. 723 Mn. (2023/24 – Rs. 453 Mn.) shared service charge has been identified as revenue of the Company. The dividend income of Rs. 2,395 Mn. (2023/24 – 2,070 Mn.) has been recognised under other income.
2. Effective 1 October 2024, SUN amalgamated with its wholly owned subsidiary, SPL, in accordance with the provisions of the Companies Act No. 07 of 2007. Following the amalgamation, SUN continues as the surviving entity, and the carrying value of SPL has been combined with that of SUN. This transaction has been accounted for as a Common Control Business Combination, in line with the Statement of Recommended Practice (SORP) on Merger Accounting for Common Control Business Combinations issued by CA Sri Lanka. Accordingly, the financial statements have been prepared as if the amalgamation had taken effect from 1 April 2023, the beginning of the current financial year. As a result, the comparative figures for the year ended 31 March 2024 have also been restated to reflect the amalgamation, ensuring consistency and comparability. (Refer Note 45 for further details.)

3. Functional and presentation currency

The financial statements of the group are presented in Sri Lankan Rupees (LKR), which is the Group's functional currency.

4. Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements except for the following material items in the Statement of Financial Position.

Items	Subsequent measurement bases
Financial assets at fair value through profit or loss (FVTPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit obligations	Present value of the defined benefit obligation
Biological assets measured at fair value;	Fair value less costs to sell
Investment Properties measured at fair value	Fair value
Derivative financial instruments	Fair value

5. Use of estimate and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Items with the most significant effect on the amounts recognised in these financial statements with substantial management judgement and/or estimates are collated below with respect to judgement/estimates involved.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 10 – revenue recognition: whether revenue is recognised over time or at a point in time;
- Note 24 – consolidation: whether the Group has the control over an investee
- Note 25 – equity-accounted investees: whether the Group has significant influence over an investee
- Note 34.3 – lease term: whether the Group is reasonably certain to exercise extension options

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 35 – measurement of defined benefit obligations: key actuarial assumptions
- Note 14 – recognition of current tax expense
- Note 27 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
- Note 22 – determining the fair value of biological assets on the basis of significant unobservable inputs
- Note 43 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 23 – determining the fair value of Investment Properties on the basis of significant unobservable inputs
- Note 24 – assessment of recoverability of goodwill assigned to CGUs

6. Material accounting policies

Application of Accounting Policies

The Group has consistently applied the accounting policies for all periods presented in the financial statements, unless otherwise indicated.

Apart from the general accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the financial statements.

These significant accounting policies have been applied consistently to all periods presented in the financial statements of the Group, unless otherwise indicated. The accounting policies have been consistently applied by the Group entities where applicable and deviations if any have been disclosed accordingly.

6.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

From 1 April 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting period

The financial statements of all entities in the Group have a common financial year which ends on 31 March.

Consolidated Financial Statements/ Separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests; and

Comparative amounts in the financial statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The consolidated income statement also takes into account the profit or loss attributable to the minority interest recorded in the consolidated financial statements of the controlling party.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees, costs of furnishing information to shareholders, and salaries and other expenses involved in achieving the common control combination.

Consolidation is performed in accordance with LKAS 27 and SLFRS 10. The principal consolidation entries are as follows:

(a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and

(b) since the combined entity will present one set of consolidated financial statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses.

6.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

6.3 Impairment of Assets

6.3.1 Financial instruments and contract assets

The Group/Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group 's historical experience and informed credit assessment and including forward-looking information.

The Group/Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group/Company considers a financial asset to be in default when:

– the debtors is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any held); or
– the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group/Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment included a significant or prolonged decline in its fair value below its cost.

6.3.2 Non-financial assets

At each reporting date, the Group/Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7. Presentation of Financial Statements

These financial statements have also been presented with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange (CSE).

7.1 Classification of liabilities as current or non-current (Amendments to LKAS 1)

Amendments to LKAS 1 alter the classification of liabilities like convertible debt and introduce new disclosure requirements for liabilities subject to covenants. The Standard will become effective for the Group from 1 April 2024 . No material impact is expected on adoption.

7.2 Lease liability in a sale and leased back (Amendment to SLFRS 16)

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as 'lease payments' were excluded. The Standard will become effective for the Group from 1 April 2024 . No material impact is expected on adoption .

7.3 Sri Lanka Accounting Standard – SLFRS 17 "Insurance Contracts"

SLFRS 17 Liability Recognition: Presents future cash flows as present value with risk adjustment and Contractual Service Margin (CSM), groups contracts by risk and profitability, and recognises losses directly in the income statement. New Insurance Revenue Measure: Shifts revenue measurement to service delivery, excluding investment-related premiums, and necessitates calculating deferred profit (CSM) at transition. The Standard will become effctive from 1 January 2026, however, it will not be applicable to the Group

8. New and amended standards and interpretaions

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards is allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

8.1 Lack of exchangeability

(Amendments to LKAS 21)

The amendments will require companies to provide new disclosures to help users to the impact of using on estimated exchange rate on the financial statements.These disclosures might include,

- The nature and financial impacts of the currency not being exchanges
- The stop exchange rate usedThe stop estimation process
- Risk to company because the currency is not exchangeable

This standared became effective from 1 April 2025.

Amendments to LKAS 21 is not expected to have a significant impact on the Group's Consolidated Financial Statements.

8.2 SLFRS S1 & S2 on Sustainability

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of generalpurpose financial reports in making decisions relating to providing resources to the entity. These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.

9. Operating segments

Accounting policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

9.1 Basis for segmentation

Segment performance is evaluated based on operating profits or losses which are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Healthcare	Manufacturing, importing and marketing pharmaceuticals, nutraceuticals, medical diagnostic equipment and surgical products
Agribusiness	Cultivate, manufacture and sale of crude palm oil and dairy farming
Consumer goods	Sale of value added tea for local and export market and manufacturing and distribution of confectionery products
Management services	Managing portfolio of businesses through shared services
Rental business	Renting out of premises

Segment performance is evaluated based on operating profits or losses which are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The Group's Management Committee reviews internal management reports from each division at least monthly.

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2025	Reportable segments				
	Healthcare Rs. '000	Agribusiness Rs. '000	Consumer goods Rs. '000	Other Rs. '000	Total Rs. '000
External revenues	32,586,050	7,944,206	18,746,678	3,674,783	62,951,717
Segment revenue	32,586,050	7,944,206	18,746,678	3,674,783	62,951,717
Segment profit/(loss) before tax	5,328,952	2,898,522	895,859	5,171,734	14,295,067
Interest income	193,145	151,348	49,610	109,150	503,253
Interest expense	(382,495)	(126,769)	(304,200)	(4,652)	(818,116)
Depreciation and amortisation	(324,000)	(483,050)	(877,673)	(40,281)	(1,725,004)
Other material non-cash items					
– Impairment losses on trade and other receivables	(272,204)	(6,853)	(27,628)	–	(306,685)
Segment assets	25,004,337	8,713,149	9,719,932	15,956,260	59,393,678
Capital expenditure	(746,295)	(511,161)	(268,650)	(88,489)	(1,614,595)
Segment liabilities	10,918,298	4,965,911	4,753,118	519,181	21,156,508

2024	Reportable segments (Restated)				
	Healthcare Rs. '000	Agribusiness Rs. '000	Consumer goods Rs. '000	Other Rs. '000	Total Rs. '000
External revenues	27,772,530	8,320,903	19,323,519	2,072,149	57,489,101
Segment revenue	27,772,530	8,320,903	19,323,519	3,399,909	58,816,861
Segment profit/(loss) before tax	3,778,407	2,765,846	1,533,762	3,588,625	11,666,640
Interest income	139,314	183,771	91,566	183,307	597,958
Interest expense	(659,733)	(78,639)	(431,693)	(21,678)	(1,191,743)
Depreciation and amortisation	(327,656)	(411,783)	(247,823)	(29,430)	(1,016,691)
Other material non-cash items					
– Impairment losses on trade and other receivables	(301,275)	–	(16,456)	(898)	(318,629)
Segment assets	20,666,686	9,431,316	9,079,744	15,341,391	54,519,137
Capital expenditure	(290,026)	(697,593)	(174,229)	(5,914)	(1,167,762)
Segment liabilities	12,210,704	3,033,993	5,149,294	707,846	21,101,837

2024	Reportable segments (Previously Stated)				
	Healthcare Rs. '000	Agribusiness Rs. '000	Consumer goods Rs. '000	Other Rs. '000	Total Rs. '000
External revenues	27,772,530	8,320,903	19,323,518	3,689,569	59,106,521
Segment revenue	27,772,530	8,320,903	19,323,518	3,689,569	59,106,521
Segment profit/(loss) before tax	3,778,407	2,765,846	1,533,762	3,588,625	11,666,640
Interest income	139,314	183,771	91,566	183,307	597,958
Interest expense	(659,733)	(78,639)	(431,693)	(21,678)	(1,191,743)
Depreciation and amortisation	(327,656)	(411,783)	(247,823)	(29,430)	(1,016,691)
Other material non-cash items					
– Impairment losses on trade and other receivables	(301,275)	–	(16,457)	(898)	(318,630)
Segment assets	20,666,686	9,431,316	9,079,744	15,341,391	54,519,137
Capital expenditure	(290,026)	(697,593)	(174,229)	(5,914)	(1,167,762)
Segment liabilities	12,210,704	3,033,993	5,149,295	707,847	21,101,837

9.2 Operating segments

Reconciliations of information on reportable segments to SLFRS measures

Revenue	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000
Total revenue for reportable segments	62,951,717	57,489,101	59,106,521
Elimination of inter-segment revenue	(3,669,470)	(2,066,954)	(3,572,635)
Consolidated revenue	59,282,247	55,422,147	55,533,886
Profit before tax			
Total profit before tax for reportable segments	14,295,067	11,666,640	11,666,640
Elimination of inter-segment profit	(5,324,222)	(3,594,756)	(3,594,754)
Consolidated profit before tax from operations	8,970,845	8,071,884	8,071,886
Assets			
Total assets for reportable segments	59,393,678	54,519,137	54,519,137
Elimination of inter-segment assets	(11,240,252)	(11,047,158)	(11,047,158)
Consolidated total assets	48,153,426	43,471,979	43,471,979
Liabilities			
Total liabilities for reportable segments	21,156,508	21,101,837	21,101,837
Elimination of inter-segment liabilities	(50,297)	(302,551)	(302,551)
Consolidated total liabilities	21,106,211	20,799,286	20,799,286

2025 Other material items	Reportable segment totals Rs. '000	Adjustments Rs. '000	Consolidated totals Rs. '000
Finance income	503,253	–	503,253
Finance cost	(818,116)	7,246	(810,870)
Capital expenditure	(1,614,594)	–	(1,614,594)
Depreciation and amortisation	(1,725,004)	–	(1,725,004)
Impairment losses on trade and other receivables	(306,685)	–	(306,685)

2024 Other material items	Reportable segment totals Rs. '000	Adjustments Rs. '000	Consolidated totals Rs. '000
Finance income	597,958	(20,370)	577,588
Finance cost	(1,191,743)	23,649	(1,168,094)
Capital expenditure	(1,167,762)	–	(1,167,762)
Depreciation and amortisation	(1,016,691)	–	(1,016,691)
Impairment losses on trade and other receivables	(318,630)	–	(318,630)

9.3 Geographic information

Consumer Goods segment is managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Sri Lanka.

The geographic information analyses the Group's revenue and assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

Revenue	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000
Sri Lanka	54,862,952	51,793,429	53,410,849
China	1,364,488	1,091,324	1,091,324
Japan	211,762	216,931	216,931
Other countries	6,512,515	4,387,417	4,387,417
	62,951,717	57,489,101	59,106,521
Segment assets			
Sri Lanka	59,383,678	54,519,137	54,519,137
Other countries	–	–	–
	59,383,678	54,519,137	54,519,137

10. Revenue

Accounting policy

SLFRS 15 – Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when it transfers control over goods or services to a customer. Judgement is used to determine the timing of transfer of control – at a point in time or over time.

A. Revenue streams

The Group generates revenue primarily from investment, healthcare, plantation, consumer goods and other sectors.

	Group			Company			
For the year ended 31 March	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000	2025 Rs. '000	2024 Restated Rs. '000	2024 Amalgamated Rs. '000	2024 Previously Stated Rs. '000
Revenue from contracts with customers	59,276,934	55,416,952	55,507,918	723,383	452,869	452,869	2,070,290
Other revenue							
Rentals from Investment property	5,313	5,195	25,968	26,457	–	22,289	–
	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 9).

	Group			Company			
For the year ended 31 March	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000	2025 Rs. '000	2024 Restated Rs. '000	2024 Amalgamated Rs. '000	2024 Previously Stated Rs. '000
Primary Geographic Markets							
Local	51,193,482	49,726,475	49,838,214	749,840	452,869	475,158	2,070,290
Exports	8,088,765	5,695,672	5,695,672	–	–	–	–
	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290
Major product/service lines							
Investments	–	–	111,740	–	–	–	2,070,290
Healthcare	32,586,050	27,772,530	27,772,530	–	–	–	–
Agriculture	7,944,206	8,320,903	8,320,903	–	–	–	–
Consumer	18,746,678	19,323,518	19,323,518	–	–	–	–
Rent income	5,313	5,195	5,195	26,457	–	22,289	–
Management Service Income	–	–	–	723,383	452,869	452,869	–
	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290
Timing of revenue recognition							
Products transferred at a point in time	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290
Revenue from contracts with customers	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290
External revenue as reported in Note 9	59,282,247	55,422,147	55,533,886	749,840	452,869	475,158	2,070,290

C. Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. There were no contract balances as at the reporting date.

D. Revenue of Other Streams

The Revenue of the Company has been presented to reflect the business model explained in Note 2.8.1.

E. Re-stated comparative information of the Company reflacets the amalagamation and business model change (Note 2.8.1 and Note 2.8.2)

F. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer, at a point in time or over the time as appropriate.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product/service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Management Service Income	Revenue from management services is recognised over time, based on the services rendered. Payment terms are generally based on time-based invoicing.	Revenue is recognised over time as the services are rendered, reflecting the transfer of services to the customer in line with SLFRS 15.Presently the company's primary business activity is providing shared services to the group. Accordingly company has reclassified the revenue stream. This change aligns with the Company's evolving business model and provides a clearer and more accurate representation of its business activities. Accordingly, Rs. 723.4 Mn. (2023/24 – Rs. 452.8 Mn.) shared service charge has been identified as revneue of the Company. The dividend income of Rs. 2,395 Mn (2023/24 – 2,070 Mn.) has been recognised under other income.
Healthcare	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Agriculture	Customers obtain the control of the produce after the customer acknowledgement at the dispatch point.	Revenue is recognised point in time, at the time of dispatch after the customer acknowledgement.
Consumer	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Rent income	This includes rental income earned from renting out investment property owned by the Company and its subsidiaries.	Revenue is recognised over time as the rent income is recognised on a straight line basis over the term of the agreement.

11. Other Income

Accounting policy

Gains and losses on disposal of an item of property, plant and equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment.

Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in Statement of Profit or Loss on a systematic basis over the useful life of the asset.

Gains and losses on the disposal of investments

Such gains and losses are recognised in Statement of Profit or Loss.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

		Group			Company			
For the year ended 31 March	Notes	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000	2025 Rs. '000	2024 Restated Rs. '000	2024 Amalgamated Rs. '000	2024 Previously Stated Rs. '000
Gain on sale of Property, Plant and Equipment		80,746	(2,221)	(2,221)	–	–	–	–
Rebates from telecommunication service providers	11.1	10,440	13,190	13,190	10,440	13,190	13,190	13,190
Profit on Sale of Trees/Green leaf	11.2	30,348	903	903	–	–	–	–
Profit/Loss on disposal of investment		–	20,096	20,096	(2,441)	220	220	220
Fair Value gain on investment properties	23	49,464	–	–	52,378	–	–	–
Profit on disposal of investment properties		29,086	–	–	–	–	–	–
Income from short term investment		66,442	27,457	27,457	66,442	27,457	27,457	27,457
SSC Tax expense – Revenue Deduction		–	–	(11,322)	–	–	–	(11,322)
Sundry Income	11.3	302,493	286,574	286,574	–	94	2,035	94
Rent Income		18,282	2,978	2,978	–	–	–	–
Service Income	11.4	–	–	–	–	–	–	452,869
Change in Fair Value of Quoted Shares		2,591	(22,560)	(22,560)	2,591	7,462	7,462	7,462
		589,893	326,417	315,094	129,410	48,421	50,364	489,970

11.1 Income from Telco Rebate of the Company, represents the rebate received from telecommunication institutes for the data usage.

11.2 The gain/(loss) on fair value of trees and live stock in Watawala Plantation PLC., a subsidiary of the Company, represents the unrealised gain from valuation of live stock and trees/timber at the reporting date.

11.3 Tender commission income mainly includes commission income received from foreign suppliers for securing contracts with the government to Sunshine Healthcare Lanka Limited amounting to Rs 60.9 Mn. (2024 – Rs. 129.6 Mn.).

11.4 As explained in Note 2.8.1, Service Income has been presented as Revenue with the business model change.

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

12. Operating profit

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to statement of Profit or Loss in the year in which the expenditure is incurred.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

For the year ended 31 March		Notes	Group 2025 Rs. '000	Group 2024 Restated Rs. '000	Group 2024 Previously Stated Rs. '000	Company 2025 Rs. '000	Company 2024 Restated Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Staff costs		12.1	5,115,951	4,152,819	4,152,819	871,312	460,539	460,539	460,539
Director fees			59,815	56,310	56,310	24,750	19,195	19,195	19,195
Statutory audit fees	– KPMG		15,934	14,351	14,351	2,656	2,350	3,260	2,350
	– Other auditors		1,620	1,337	1,337	–	–	–	–
Audit related	– KPMG		1,700	225	225	295	–	–	–
Non audit	– KPMG		325	1,325	1,325	–	–	–	–
	– Other auditors		4,798	3,594	3,594	1,062	–	–	–
(Reversal)/Provision for trade debtors		30.1	(7,977)	151,313	151,313	–	–	–	–
Legal fees			17,785	14,819	14,819	63	–	–	–
CSR expenses			48,894	48,943	48,943	11,100	10,250	10,250	10,250
Depreciation									
– Property Plant and Equipment		19	648,351	647,132	647,132	9,554	4,449	4,449	4,449
– Biological Assets-Bearer		22	176,423	194,570	194,570	–	–	–	–
Amortisation of intangible assets		20	72,565	92,210	92,210	5,304	5,269	5,269	5,269
Amortisation – Right to use assets		19	97,718	140,085	140,085	23,994	18,395	18,395	18,395

12.1 Staff costs

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Restated Rs. '000	Group 2024 Previously Stated Rs. '000	Company 2025 Rs. '000	Company 2024 Restated Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Defined benefit plan (Gratuity)	214,769	232,210	232,210	36,544	26,301	26,301	26,301
Defined contribution EPF and ETF	447,795	390,463	390,463	57,593	36,857	36,857	36,857
Salaries, wages and other staff cost	4,454,977	3,530,146	3,530,146	777,175	397,381	397,381	397,381
	5,115,951	4,152,819	4,152,819	871,312	460,539	460,539	460,539

Directors' emoluments are included in compansation of Key Management Personnel note 41.1.A

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

13. Net Finance cost

Accounting policy

The Group's finance income and finance costs include:

– interest income

– interest expenses

– the foreign currency gain or losses on financial assets and financial liabilities

– Interest income or expenses is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

– the gross carrying amount of the financial assets; or

– the amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial assets. if the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

	Group			Company			
For the year ended 31 March	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000	2025 Rs. '000	2024 Restated Rs. '000	2024 Amalgamated Rs. '000	2024 Previously Stated Rs. '000
Interest income from related companies	–	–	–	–	20,370	–	20,370
Exchange gain	112,747	52,275	52,275	–	–	–	–
Interest income on other deposits/loans	390,506	525,313	525,313	96,212	139,246	139,246	139,246
Finance income	503,253	577,588	577,588	96,212	159,616	139,246	159,616
Interest on overdrafts and loans	670,602	853,467	853,467	35	270	270	270
Exchange loss	1,642	187,980	187,980	–	–	–	–
Finance expense on lease liabilities	138,626	126,647	126,647	4,286	947	947	947
Finance cost	810,870	1,168,094	1,168,094	4,321	1,217	1,217	1,217
Net finance cost	(307,617)	(590,506)	(590,506)	91,891	158,399	138,029	158,399

14. Income tax expense

Accounting policy

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

The Group applies IFRIC 23 "Uncertainty Over Income Tax Treatment" (IFRIC 23) in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have any significant impact on the financial statements of the Group to provide additional disclosures in the financial statements.

The Group has determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of current year as well as any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount of current tax assets and liabilities are those that are enacted or substantively enacted on the reporting date. Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement.

Current tax assets and liabilities are offset only if certain criteria are met.

Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax law including transfer pricing regulations involving identification of associated undertaking, estimation of respective arm's length prices and selection of appropriate pricing mechanism

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 27 for detail accounting policy.

Withholding tax on dividends

Tax withheld on dividend income from subsidiaries and equity accounted investees is recognised as an expense in the Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Accounting judgement, Estimates and Assumptions

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to interpretation of the applicability of tax laws, at the time of preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range

of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense amounts that were initially recorded and deferred tax amounts in the period in which the determination is made. The Group has evaluated these uncertainties in terms of IFRIC 23 "Uncertainty Over Income Tax Treatment".

The deferred tax liabilities/assets are disclosed under Note 27 to the financial statements.

14.1 Amount recognised in profit or loss

For the year ended 31 March	Notes	Group 2025 Rs. '000	Group 2024 Restated Rs. '000	Group 2024 Previously Stated Rs. '000	Company 2025 Rs. '000	Company 2024 Restated Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously stated Rs. '000
Current tax expense								
Current income tax expense		2,957,941	2,001,848	2,001,848	–	(1,370)	(1,370)	(1,370)
Changes in estimates relating to prior years		24,397	(29,951)	(29,951)	–	–	–	–
Write-off of tax receivable		870	(848)	(848)	–	–	–	–
		2,983,208	1,971,049	1,971,049	–	(1,370)	(1,370)	(1,370)
Deferred tax expenses								
Origination and reversal of deferred tax assets	27.2	22,187	(199,655)	(199,655)	(58,780)	(14,404)	(14,404)	(14,404)
Origination and reversal of deferred tax liabilities	27.3	51,325	281,245	281,245	25,857	(1,515)	(1,515)	(1,515)
		73,512	81,590	81,589	(32,923)	(15,919)	(15,919)	(15,919)
Tax expenses		3,056,720	2,052,638	2,052,638	(32,923)	(17,289)	(17,289)	(17,289)

A. Current Taxes

Company

Tax liability of the Company and Group was calculated and accounted for at 30% for the year of assessment 2024/25. The applicable tax rate for LDL is 20%.

		Tax Rate 2025 Rs. '000 1 April 2024 to 31 March 2025 %	Tax Rate 2024 Rs. '000 1 April 2023 to 30 March 2024 %
Sunshine Holdings PLC		30	30
Sunshine Healthcare Lanka Ltd.		30	30
Watawala Plantations PLC	– Profits from Cultivation	30	Exempted
	– Profits from agro processing	30	14
	– Profits from other activities	30	30
Healthguard Pharmacy Limited.		30	30
Sunshine Consumer Lanka Ltd		30	30

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

	Tax Rate 2025 Rs. '000 1 April 2024 to 31 March 2025 %	Tax Rate 2024 Rs. '000 1 April 2023 to 30 March 2024 %
Sunshine Packaging Lanka Limited.	30	30
Norris Canal Properties (Pvt) Ltd.	30	30
Lina Manufacturing (Pvt) Ltd.	30	30
Lina Spiro (Pvt) Ltd.	30	30
Sunshine Wilmar (Pvt) Ltd.	30	30
Sunshine Tea (Pvt) Ltd.	30	30
Lonach Dairy Ltd (Formerly known as "Watawala Dairy Ltd")	20	20

Lonach Dairy Ltd.

Lonach Dairy Limited enjoys a tax exemption period of five years from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under Section 17 (2) of the Board of Investment of Sri Lanka Law No. 4 of 1978 and in accordance with the provisions of the Inland Revenue Act No. 10 of 2006.

With the enactment of the Inland Revenue Act No. 24 of 2017, which became effective from 1 April 2018, LDL commenced generating taxable income from the financial year ended 31 March 2020. Accordingly, LDL was entitled to utilise its accumulated tax losses brought forward against future taxable profits within a period of six years, in line with the provisions of the Act. The tax exemption period applicable to LDL expired prior financial year. Consequently, income derived from dairy operations will be subject to income tax at a rate of 20%.

14.2 Amount recognised in OCI

		Group			Company			
For the year ended 31 March	Notes	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously Stated Rs. '000	2025 Rs. '000	2024 Restated Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Items that will not be reclassified to profit or loss								
Acturial gain/(loss)	27.2	108,033	7,078	7,078	(3,053)	2,602	2,602	2,602
Equity investments at FVOCI – net change in fair value	27.3	(3,053)	(108,167)	(108,167)	64,906	(108,167)	(108,167)	(108,167)
		104,980	(101,089)	(101,089)	61,853	(105,565)	(105,565)	(105,565)

14.3 Amounts recognised directly in equity

There were no items recognised directly in equity during the year ended 31 March 2025.

14.4 Reconciliation between accounting profit and taxable profit

Group

	%	2025 Rs. '000	%	2024 Rs. '000
Profit before tax	–	8,970,844	–	8,071,886
Intra-group adjustments	–	4,708,950	–	3,688,398
	–	13,679,794	–	11,760,284
Disallowable expenses	40	5,482,020	28	3,235,531
Tax deductible expenses	-34	(4,815,785)	-18	(2,135,009)
Tax exempt income	-37	(5,316,338)	52	(6,091,145)
Tax loss b/f	-12	(1,660,068)	-19	(2,214,164)
Loss adjustment/write off	9	1,237,968	–	–
Tax loss c/f	4	624,254	18	2,116,230
Taxable income from business	–	9,231,845	–	6,671,727
Other Income /Investment Income	–	627,959	–	–
Taxable income	–	9,859,804	–	6,671,727
Income tax on current year profit	–	2,957,941	–	2,001,518
Under/(Over) provision in respect of previous years	–	24,397	–	(30,468)
Special tax credit	–	869	–	–
Origination of temporary differences	–	73,514	–	1,971,050
	–	3,056,720	–	81,590
Tax expense	–	3,056,720	–	2,052,640
Effective tax rate	–	21	–	17

Company

	%	2025 Rs. '000	%	2024 Rs. '000
Profit before tax	–	2,210,773	–	1,974,740
Disallowable expenses	5	111,864	4	76,097
Tax deductible expenses	-12	(273,232)	-1	(26,795)
Tax exempt income	-108	(2,395,266)	-105	(2,070,509)
Tax loss b/f	-3	(60,660)	-1	(14,191)
Loss adjustment/write off	1	28,205		
Tax loss c/f	12	259,670	3	60,660
Taxable income From Business		(118,646)		
Other Income /Investment Income		118,646		
Under/(Over) provision in respect of previous years	–		–	(1.370.472)
Origination of temporary differences	–	32,923	–	(15,918)
Tax expense	–	32,923	–	(17,288)
Efective Tax rate	–	N/M	–	N/M

* N/M – Not meaningful

14.5 Tax losses carried forward

	Group		Company	
For the year ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Tax loss brought forward	330,170	519,405	60,660	14,191
Reassessment of previous year tax losses	16,505	29,316		
Tax loss for the year of assessment	22,192	28,293	352,663	233,541
Loss transferred from business to investment	273	–	(153,653)	(187,072)
Set off against the current taxable income	(156,519)	(246,844)		
Tax loss carried forward	212,621	330,170	259,670	60,660

15. Adjusted Earnings Before Interst, Tax, Depreciation and Amortisation (adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortization, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the premeasurement of disposal groups and share of profit of equity-accounted investees.

Adjusted EBITDA is not a defined performance measure in SLFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosers by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations – Group

For the year ended 31 March	2025 Rs. '000	2024 Restated Rs. '000	2024 Previously stated Rs. '000
Profit from continuing operations	5,914,125	6,019,246	6,019,246
Income tax expense	3,056,720	2,052,638	2,052,638
Profit before tax	8,971,125	8,071,884	8,071,884
Adjustment for:			
Net finance costs	307,617	590,507	590,507
Depreciation – Property Plant and Equipment and Amortisation – Right to Use Assets	771,098	787,217	787,217
Depreciation – Biological Assets-Bearer	176,423	194,570	194,570
Amortisation	72,565	92,213	92,213
Adjusted EBITDA	10,298,831	9,736,391	9,736,391

16. Earnings per share

Accounting policy

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

16.1 Basic Earnings Per Share

The earnings per share is computed on the profit attributable to ordinary shareholders after tax and Non Controlling Interest divided by the weighted average number of ordinary shares during the year.

		Group		Company	
For the year ended 31 March	Notes	2025 '000	2024 '000	2025 '000	2024 '000
Profit for the year, attributable to the owners of the Company (Rs.)		4,239,533	4,471,039	2,243,695	1,992,029
Number of ordinary shares (basic)	16.1.1	1,967,895	1,967,895	1,967,895	1,967,895
Basic Earnings per share (Rs.)		2.15	2.27	1.14	1.01

16.1.1 Number of shares

For the year ended 31 March	2025 Rs. '000	2024 Rs. '000
Issued ordinary shares as at 1 April	491,974	491,974
Effect of the share split	1,475,921	1,475,921
Number of shares*	1,967,895	1,967,895

**The denominator, for the purposes of calculating basic earnings per share, has been adjusted to reflect the share split made in 2025 as disclosed in Note 33.1.A. Further, Weighted average Number of Ordinary shares in 2024 has been adjusted based on post sub-division of 4 shares for every one ordinary share held.*

sunshine
Bringing good things to life
About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

17. Dividend per share

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a note to the financial statements.

The Board of Directors of the Company has declared a final dividend of Rs 0.60 per share (2024 – final dividend of Rs. 2 per share) for the financial year ended 31 March 2025.

	2024/25 (Final)	2024/25 (Interim)	2023/24 (Final)
Dividend declared – Final and Interim (Rs. '000)	1,180,737	737,960	983,948
Number of ordinary shares '000	1,967,894	491,974	491,974
Dividend per share (Rs.)	0.60	1.50	2.00

Compliance with section 56 and 57 of Companies Act No. 7 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on May 28, 2025 has been audited by Messrs. KPMG.

17.1 Dividend paid during the year

For the year ended 31 March	2025 Rs. '000	2024 Rs. '000
Final dividend of Rs. 1.15 per share out of of 2022/23 profit	–	565,770
Interim dividend of Rs. 1.00 per share out of of 2023/24 profit	–	491,974
Final dividend of Rs. 2.00 per share out of of 2023/24 profit	983,947	–
Interim dividend of Rs. 1.50 per share out of of 2024/25 profit	737,960	–
	1,721,907	1,057,744

18. Financial Assets and Liabilities

Financial Assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) – debt investment; FVOCI – equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

(a) Financial assets

The Group derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group entered into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

(b) Financial liabilities

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms was recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) was recognised in profit or loss.

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

31 March 2025 Amounts in (Rs. '000)	Group				Company			
	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value
Financial Assets								
Investment in unquoted shares	–	468,749	–	468,749	–	468,749	–	468,749
Investment fund	5,127	–	–	5,127	–	–	–	–
Investment in debentures	–	–	104,170	104,170	–	–	–	–
Trade and other receivables	–	–	9,796,632	9,796,632	–	–	18,192	18,192
Amounts due from related parties	–	–	326,356	326,356	–	–	9,459	9,459
Short term investements	3,939,534	–	550,000	4,489,534	1,340,123	–	550,000	1,890,123
Cash and cash equivalents	–	–	5,875,414	5,875,414	–	–	288,926	288,926
Total financial assets	3,944,661	468,749	16,652,572	21,065,982	1,340,123	468,749	866,577	2,675,459
Financial liability								
Loans and borrowings	–	–	5,887,013	5,887,013	–	–	29,764	29,764
Lease liability	–	–	470,498	470,498	–	–	–	–
Trade and other payables	–	–	9,209,949	9,209,949	–	–	193,853	193,853
Bank overdraft	–	–	749,144	749,144	–	–	–	–
Total financial liabilities	–	–	16,316,604	16,316,604	–	–	223,617	223,617

31 March 2024 Amounts in (Rs.)	Group				Company							
					Amalgamated				Previously Stated			
	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value
Financial assets												
Investment in unquoted shares	–	670,469	–	670,469	–	670,469	–	670,469	–	670,469	–	670,469
Investment in quoted shares	7,549	–	–	7,549	7,549	–	–	7,549	7,549	–	–	7,549
Investment fund	51,393	–	–	51,393	–	–	–	–	–	–	–	–
Investment in debentures	–	–	104,206	104,206	–	–	–	–	–	–	104,206	104,206
Trade and other receivables	–	–	9,782,520	9,782,520	–	–	72,132	72,132	–	–	44,017	44,017

	Group				Company							
					Amalgamated				Previously Stated			
31 March 2024 Amounts in (Rs.)	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value
Amounts due from related parties	–	–	31,749	31,749	–	–	26,193	26,193	–	–	257,990	257,990
Short term investements	1,770,256	–	–	1,770,256	846,226	–	–	846,226	846,226	–	–	846,226
Cash and cash equivalents	–	–	5,403,789	5,403,789	–	–	734,570	734,570	–	–	723,291	723,291
Total financial assets	1,829,198	670,469	15,322,264	17,821,932	853,775	670,469	832,894	2,357,138	853,775	670,469	1,129,504	2,653,748
Financial liability												
Loans and borrowings	–	–	6,192,556	6,192,556	–	–	–	–	–	–	–	–
Lease liability	–	–	404,762	404,762	–	–	–	–	–	–	–	–
Amounts due to related parties	–	–	–	–	–	–	282	282	–	–	282	282
Trade and other payables	–	–	7,603,511	7,603,511	–	–	100,236	100,236	–	–	97,345	97,345
Bank overdraft	–	–	2,689,245	2,689,245	–	–	–	–	–	–	–	–
Total financial liabilities	–	–	16,890,074	16,890,074	–	–	100,518	100,518	–	–	97,627	97,627

19. Property, plant and equipment

Accounting policy

Recognition and measurement

Property, Plant and Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items or major components of property, plant and equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Restoration costs

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for the intended use. These are expenses of a capital nature directly incurred in the construction of buildings, major plants/machineries and system developments awaiting capitalisation. Capital work-in-progress is stated at cost less any accumulated impairment loss.

Leasehold assets

The determination of whether an arrangement is, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The cost of improvements on leased hold property is capitalised and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is lower.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

De-recognition

The carrying amount of an item of property, plant & equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in Statement of Profit or Loss and gains are not classified as revenue.

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Expected useful life of lease assets are determined by reference to comparable owned assets or over the term of lease, which is shorter. As no finite useful can be determined related carrying value of freehold land is not depreciated though it is subject to impairment testing.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is de-recognised.

The estimated useful lives for the current and comparative periods are as follows:

Freehold assets	
Buildings	15 – 40 Years
Roads and bridges	40 Years
Sanitation, water and electricity	20 Years
Plant and machinery	7 – 20 years
Furniture and fittings	05 – 10 Years
Equipment	05 – 08 Years
Computer equipment	03 – 05 Years
Computer software	04 – 06 Years
Motor vehicles	04 – 05 Years
Electrical equipment	02 Years
Diagnostics and analyser equipment	04 Years
Medical equipment	04 Years
Hydro power plant	20 Years
Fence and security lights	03 Years
Rou assets	Lease term

Leasehold Assets	
Bare Land	53 Years
Roads and Bridges	23 Years/Lease period
Improvements to Land	30 Years
Vested Other Assets	30 Years
Buildings	23 Years/Lease period
Plant and Machinery	13 Years
Sanitation, water and electricity	20 Years
Water Supply System	20 Years
Mini-Hydro Power Plant	10 Years
Motor Vehicles	04 – 05 Years

Depreciation methods, useful life and residual values are re-assessed at the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of financial assets

The carrying amount to groups non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, them the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and there risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

Provision for/reversal of impairment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

19.1 Reconciliation of carrying amount

a. Group

Cost

	Balance as at 1 April 2023 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 1 April 2024 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets										
Land	1,017,580	–	–	–	1,017,580	1,017,580	64,636	–	(83,820)	998,396
Buildings	3,877,696	144,606	(16,826)	58,957	4,064,433	4,064,433	(6,470)	–	3,648	4,061,611
Plant and machinery	2,890,300	60,298	(3,445)	–	2,947,153	2,947,153	253,932	(15,562)	–	3,185,523
Furniture and fittings	299,639	43,239	(292)	11,241	353,827	353,827	54,934	(1,837)	–	406,924
Equipment	245,299	35,526	(126)	–	280,699	280,699	40,079	(7,607)	–	313,169
Computer equipment	207,768	35,186	(5,072)	(153)	237,729	237,729	51,154	(1,993)	–	286,890
Motor vehicles	708,018	145,653	(24,563)	–	829,108	829,108	60,881	(56,999)	–	832,990
Electrical equipment	165,895	18,890	(818)	3,860	187,827	187,827	12,158	(502)	528	200,011
Medical equipment	528,168	10,010	(169,050)	(1,162)	367,966	367,966	107,396	–	1,561	476,923
Other	332,042	15,117	–	–	347,159	347,159	28,039	–	1,954	377,152
ROUA (Note 34)	930,306	136,650	(2,633)	(7,023)	1,057,301	1,057,301	371,446	(74,928)	(50,717)	1,303,102
Capital work in progress	71,025	90,814	–	(76,022)	85,817	85,817	231,576	(2,430)	(112,697)	202,266
	11,273,735	735,989	(222,825)	(10,302)	11,776,599	11,776,599	1,269,761	(161,859)	(239,543)	12,644,957
Leasehold assets										
Roads and bridges	5	–	–	–	5	5	–	–	–	5
Improvements to land	1,135	–	–	–	1,135	1,135	–	–	–	1,135
Vested other assets	1,201	–	–	–	1,201	1,201	–	–	–	1,201
Buildings	35,894	–	–	–	35,894	35,894	–	–	–	35,894
Water supply system	89	–	–	–	89	89	–	–	–	89
Machinery	23,208	–	–	–	23,208	23,208	–	–	–	23,208
Mini-hydro power plant	1,042	–	–	–	1,042	1,042	–	–	–	1,042
	62,574	–	–	–	62,574	62,574	–	–	–	62,574
Total cost	11,336,309	735,989	(222,825)	(10,302)	11,839,173	11,839,173	1,269,761	(161,859)	(239,543)	12,707,531

Accumulated depreciation

	Balance as at 1 April 2023 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 1 April 2024 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets										
Buildings	671,951	211,601	(2,987)	15,910	896,475	896,475	154,443	–	–	1,050,919
Plant and machinery	1,504,873	194,343	(3,398)	–	1,695,818	1,695,818	245,628	(15,562)	15,910	1,941,795
Furniture and fittings	194,305	25,692	(244)	–	219,753	219,753	33,014	(1,790)	–	250,977
Equipment	130,558	32,330	(126)	–	162,762	162,762	38,296	(7,608)	–	193,450
Computer equipment	168,823	19,531	(5,011)	(12)	183,331	183,331	24,639	(1,256)	–	206,714
Motor vehicles	638,406	60,153	(24,563)	–	673,996	673,996	68,394	(37,926)	(15,633)	688,831
Electrical equipment	132,604	28,297	(711)	–	160,190	160,190	23,671	(502)	–	183,359
Medical equipment	400,702	46,195	(153,443)	–	293,454	293,454	46,702	–	–	340,156
Other	132,330	15,370	–	–	147,700	147,700	13,564	–	–	161,264
ROUA (Note 34)	563,669	137,586	–	–	701,255	701,255	97,718	–	–	798,973
	4,538,222	771,098	(190,483)	15,898	5,134,735	5,134,736	746,069	(64,644)	277	5,816,438
Leasehold assets										
Roads and bridges	5	–	–	–	5	5	–	–	–	5
Improvements to land	1,135	–	–	–	1,135	1,135	–	–	–	1,135
Vested other assets	1,163	–	–	–	1,163	1,163	–	–	–	1,163
Buildings	35,894	–	–	–	35,894	35,894	–	–	–	35,894
Water supply system	89	–	–	–	89	89	–	–	–	89
Machinery	23,208	–	–	–	23,208	23,208	–	–	–	23,208
Mini-hydro power plant	1,042	–	–	–	1,042	1,042	–	–	–	1,042
Motor vehicles	(8)	–	–	–	(8)	(8)	–	–	–	(8)
Mature plantations	–	–	–	–	–	–	–	–	–	–
	62,528	–	–	–	62,528	62,528	–	–	–	62,528
Total accumulated depreciation	4,600,750	771,098	(190,483)	15,898	5,197,263	5,197,264	746,069	(64,644)	277	5,878,966

Carrying value	Notes	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets				
Land		1,017,580	1,017,580	998,396
Buildings		3,205,745	3,167,957	3,010,692
Plant and machinery		1,385,427	1,251,304	1,243,728
Furniture and fittings		105,333	134,073	155,946
Equipment		114,741	117,937	119,720
Computer equipment		38,945	54,398	80,176
Motor vehicles		69,612	155,128	144,159
Electrical equipment		33,291	27,644	16,652
Medical equipment		127,466	74,520	136,767
Other		199,712	199,457	215,888
ROUA	34	366,637	356,046	504,129
Capital work in progress		71,025	85,817	202,266
		6,735,513	6,641,861	6,828,519

Leasehold assets	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 31 March 2025 Rs. '000
Vested other assets	38	38	38
Motor vehicles	8	8	8
	46	46	46
Total carrying value	6,735,559	6,641,907	6,828,565

- Assets in estates that are held under leasehold right to use have been taken into books of the Group retrospective from 18 June 1992. For this purpose, the Board of Directors of Watawala Plantation PLC is decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB/SLSPC, on the date immediately preceding the date of formation of Watawala Plantation PLC.
- The assets shown above includes assets vested in the Watawala Plantation PLC by Gazetted notification on the date of formation of the subsidiary (18 June 1992) and all the investments made in the fixed assets by the subsidiary since its formation.
- Investment by the Group on mature and immature plantations are shown separately under biological assets – mature/immature plantations.
- The transfer of immature plantation to mature plantations commences at the time the plantation is ready for commercial harvesting.
- Land and building classified as investment properties in the respective entity level and classified as PPE at consolidated level are carried at revalued amounts.

b. Company

Cost

	Balance as at 31 March 2023 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 1 April 2024 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets								
Furniture and fittings	8,334	298	–	8,632	8,632	8,526	–	17,158
Equipments	6,618	–	–	6,618	6,618	339	–	6,957
Computer equipments	13,455	5,616	59	19,129	19,129	8,141	(1,993)	25,277
Motor vehicles	17,370	–	–	17,370	17,370	17,700	–	35,070
ROUA	82,445	–	–	82,445	82,445	52,641	–	135,086
	128,222	5,914	59	134,195	134,195	87,347	(1,993)	219,548

Accumulated depreciation

	Balance as at 31 March 2023 Rs. '000	Charge for the year Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Disposals Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets								
Furniture and fittings	6,217	1,096	–	7,314	7,314	1,703	–	9,017
Equipments	5,242	966	–	6,209	6,209	747	–	6,956
Computer equipments	9,827	2,378	–	12,205	12,205	3,906	(1,256)	14,855
Motor vehicles	17,363	7	–	17,370	17,370	3,197	–	20,567
ROUA	64,050	18,395	–	82,445	82,445	23,994	–	106,439
	102,699	22,844	–	125,543	125,543	33,548	(1,256)	157,834

Carrying Value

	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2024 Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets			
Furniture and fittings	2,117	1,318	8,141
Equipments	1,375	409	1
Computer equipments	3,628	6,925	10,422
Motor vehicles	7	–	14,503
ROUA	18,395	–	28,647
Total carrying value	25,523	8,652	61,714

19.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.3 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 1,269 Mn. (2024 – Rs. 735.9 Mn.).

19.4 Capitalisation of borrowing costs

There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group during the year (2024 – Nil).

19.5 Amount of contractual commitments for the acquisition of property, plant and equipment

The commitments for the acquisition of property, plant and equipment as at the reporting date has been disclosed in Note 43. (2024 – Nil).

19.6 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

19.7 Property, plant and equipment pledged as security

Assets pledged as at 31 March 2025 are disclosed in note No 34.5.

19.8 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.9 Compensation from third parties for items of property, plant and equipment

There were no compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

19.10 Fully depreciated assets

Fully depreciated assets value of 2,107 Mn. (2024-1,770 Mn.) is still in use.

20. Intangible assets

Accounting policy

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is de-recognised.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

Goodwill arising from business combinations is included in intangible assets whereas goodwill on acquisition of associate is included in investment in associates and is tested for impairment as part of the overall balance.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

Research and development costs

The costs on research activities undertaken with the prospect of gaining new scientific or technical knowledge is expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale.
b. its intention to complete the intangible asset and use or sell it.
c. its ability to use or sell the intangible asset.
d. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Brand name

Brands acquired as part of a business combination, are capitalised as part of a Brand Name if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets and amortised over the useful lives.

Directly attributable costs, capitalised as part of the software product include the software development employee cost and an appropriate portion of relevant overheads. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. When the computer software is an integral part of the related hardware which cannot operate without the specific software is treated as property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of Profit or Loss as incurred.

Amortisation

Amortisation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brand name, from the date on which they are available for use. The estimated useful lives are as follows;

Software license	02 – 06 years
Software development cost	02 – 05 years
Brand	20 years
Development cost	10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

20.1 Reconciliation of carrying amount – Group

Group

Cost	Software Rs. '000	Brand Rs. '000	Development Cost Rs. '000	Capital Work in Progress Rs. '000	Total Rs. '000
Balance as at 1 April 2023	383,543	167,150	88,892	42,409	681,995
Acquisitions	59,906	–	3,209	12,349	75,463
Transfer	–	–	–	(54,458)	(54,458)
Balance at 31 March 2024	443,449	167,150	92,101	300	703,000
Balance as at 1 April 2024	443,449	167,150	92,101	300	703,000
Acquisitions	26,176	–	665	5,923	32,765
Balance at 31 March 2025	469,626	167,150	92,765	6,223	735,765

Accumulated amortisation	Software Rs. '000	Brand Rs. '000	Development Cost Rs. '000	Capital Work in Progress Rs. '000	Total Rs. '000
Balance as at 1 April 2023	212,832	108,580	11,475	–	332,887
Amortisation	61,135	21,697	9,380		92,210
Balance at 31 March 2024	273,966	130,277	20,855	–	425,097
Balance as at 1 April 2024	273,966	130,277	20,855	–	425,097
Amortisation	57,851	5,825	8,889	–	72,565
Transfers/Disposals	2,971	–	–	–	2,971
Balance at 31 March 2025	334,788	136,103	29,746	–	500,633
Carrying value as at 31 March 2024	169,483	36,872	71,244	300	277,903
Carrying value as at 31 March 2025	134,837	31,047	63,019	6,223	235,132

20.1.1 Brand acquisition

The Group has recognised the brand "HEALTHGUARD" upon the acquisition of Healthguard Pharmacy Limited, on 19 December 2010 and the brand has been valued by an independent valuer, Quasar Capital Advisors (Pvt) Ltd. The value of the brand is tested for impairment on every reporting date. The Board of Directors has decided to amortize the brand for 20 years beginning from the year 2014/15.

20.1.2. Reconciliation of Carrying amount – Company

Company

Company	Software Rs. '000	2025 Rs. '000	2024 Rs. '000
Cost			
Balance as at 1 April	29,358	29,358	29,358
Acquisitions	610	610	–
Balance at 31 March	29,968	29,968	29,358
Accumulated amortisation and impairment losses			
Balance as at 1 April	14,868	14,868	9,599
Amortisation	5,304	5,304	5,269
Balance at 31 March	20,172	20,172	14,868
Carrying value as at 31 March	9,796	9,796	14,490

Assessment of Impairment of Intangible Assets

The Board of Directors has assessed the potential impairment loss of intangible assets as at 31 March 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

Title Restriction on Intangible Assets

There are no restrictions that existed on the title of the intangible assets of the Company/Group as at the reporting date.

Intangible Assets pledged as Security

None of the Intangible assets have been pledged as security as at the reporting date.

Acquisition of Intangible Assets During the Year

During the financial year, the Group acquired intangible assets to the aggregate value of Rs. 33 Mn. (2024 – Rs.75 Mn.).

Fully Amortised Intangible Assets in Use

Intangible assets include fully amortised computer software which are in use in the normal business activities to the gross carrying value of Rs. 153 Mn. (2024 – Rs. 16.5 Mn.).

21. Leasehold land

Leasehold right to land of JEDB/SLSPC estates

The lease of JEDB/SLSPC estates handed over to the subsidiary, Watawala Plantation PLC for the period of 53 years are all executed. The leasehold rights to the land on all these estates are taken in to the books of the subsidiary as at 18 June 1992 immediately after formation of the subsidiary Watawla Plantation PLC in terms of a ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. The bare land are revalued at the value established for this land by valuation specialists, DR Wickramasinghe, just prior to the formation of the subsidiary.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

	Group	
	2025 Rs. '000	2024 Rs. '000
Cost/Revaluation		
Balance as at 1 April	500,460	366,949
Remeasurement of lease liabilities	70,830	133,511
Balance at 31 March	571,290	500,460
Accumulated amortisation		
Balance as at 1 April	140,609	123,073
Amortisation	20,876	17,536
Balance at 31 March	161,485	140,609
Carrying amount	409,805	359,851

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

22. Biological assets

Accounting policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Livestock

A biological asset is a living animal or plant. Livestock are measured at their fair value less estimated costs to sell with any change therein recognised in Statement of Profit or Loss. Estimated cost to sell includes all costs that would be necessary to sell the assets such as transport cost, commission etc.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value represent the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgably, prudently and without compulsion.

Mature and immature plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop.

Since the market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, the Group measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. at its cost less any accumulated depreciation and any accumulated impairment losses on initial recognition in line with the ruling given by the Institute of Chartered Accountants of Sri Lanka to measure bearer biological assets under LKAS 16, Property, Plant and Equipment.

Nurseries are carried at cost as the fair value cannot be easily determined. The costs consist of direct materials, direct labour and appropriate proportion of other directly attributable overheads. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less cost to sell.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalised as biological assets. All expenses subsequent to maturity are recognised directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new plantations are apportioned based on the labour days spent on respective re-planting and new planting and capitalised on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the costs are capitalised and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling costs that are not capitalised are charged to the Statement of Profit or Loss in the year in which they are incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful lives as follows:

	Freehold (Years)	Leasehold (Years)
Tea	33	30
Rubber	20	20
Palm oil	20	20
Cinnamon	30	–
Caliandra	15	–
Grass	5	–
Coconut	33	–

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

	Note	Group 2025 Rs. '000	2024 Rs. '000
Biological assets – bearer	22.1	2,317,148	2,493,849
Biological assets – consumables	22.2	149,506	70,086
Biological assets – live stock	22.3	887,430	1,165,585
		3,354,083	3,729,520
Non current – Biological assets consumable		3,317,573	3,658,653
Current – Biological assets produce on bearer plant		36,510	70,867
		3,354,083	3,729,520

22.1 Biological assets – Bearer

	Immature plantations Rs. '000	Mature plantations Rs. '000	Total 2025 Rs. '000
Cost			
Balance as at 1 April	157,827	4,094,993	4,252,820
Additions	33,767	–	33,917
Transfers	(110,811)	110,811	–
Balance as at 31 March	80,782	4,195,804	4,286,737
Accumulated depreciation			
Balance as at 1 April	–	1,829,841	1,829,841
Charged for the year	–	139,597	139,597
Balance as at 31 March	–	1,969,438	1,969,438
Carrying value			
As at 31 March 2025	80,782	2,236,366	2,317,148
As at 31 March 2024	188,130	2,265,152	2,493,849

Investments in biological assets-plantations since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea and palm plantations. Bearer biological assets together with any unmanaged biological assets are stated at cost.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 2 March 2012, by the Institute of Chartered Accountants of Sri Lanka. Accordingly, Watawala Plantations PLC, a subsidiary of the Company has elected to measure the bearer biological assets at cost using LKAS 16 – "Property, Plant and Equipment".

22.2 Biological assets – Consumables

	Mature plantations Rs. '000	Total 2025 Rs. '000	Total 2024 Rs. '000
Cost			
Balance as at 1 April	70,086	70,086	44,269
(Loss)/gain arising from changes in fair value less costs to sell	79,420	79,420	25,817
Balance as at 31 March	149,506	149,506	70,086

– Expected rate of return p.a 17.5% (2024 – 17.6%)

– Maturity for harvesting – 4 years (2024 – 4 years)

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

22.2.1 Measurement of fair values

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 March 2025 has been prepared based on the physically verified timber statistics provided by the Group.

The future cash flows are determined by reference to current timber prices

(a) The fair value measurements for the timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

(b) Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (Timber).

	Group	
	2025 Rs. '000	2024 Rs. '000
Gain included in "other income"		
Change in fair value (unrealised)	79,420	25,817

(c) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31 March 2025.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 4 years	Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis. Expected cash flows are discounted using a risk-adjusted discount rate of 17.5% (2024: 17.6%). Following factors have been considered in determining the risk premium; – The illiquid nature of The plantations prior to maturity – A lack of market evidence as to the value of biological assets through their life cycle – Risk relations to diseases and fire affecting the biological assets – Adoption of conservative valuation approach	Determination of timber content Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size. Determination of price of timber Trees have been valued as per the current timber prices per cubic metre based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka. In this exercise, following factors have been taken into consideration a. Cost of obtaining approval of felling. b. Cost of felling and cutting into logs. c. Cost of transportation. d. Sawing cost. e. Cost of sale. f. Exclusion of trees located in restricted area specialised in the circular No. 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries. Price range per cu.ft. is Rs. 350/- to Rs. 1,000/- (2024 – Rs. 350/- to Rs. 1,000/-) Risk-adjusted discount rate. 2025 – 17.5% (2024 – 17.6%).	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables: – the estimated timber content (The higher the volume, the higher the fair value) – the estimated selling related costs (Lower the selling related costs, the higher the fair value) – the estimated maturity age (Lower the rotation period, the higher the fair value) – the estimated maturity age – the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)

22.2.2 Sensitivity analysis

The financial impact on the value appearing in the Statement of Financial Position due to change of selling price and variation of discount rate is given below.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for the timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	149,506	70,086
Value stand as at 10% (2024 – 10%) positive variance	153,056	77,094
Value stand as at 10% (2024 – 10%) negative variance	145,956	63,077

Sensitivity variation discount rate (using 1% variation)

Simulations made for the timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	149,506	70,086
Value stand as at 1% positive variance	139,275	67,419
Value stand as at 1% negative variance	160,688	72,956

22.3 Biological assets – Livestock

	Group	
	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	1,165,585	893,067
Additions	186,812	306,209
Disposals during the year	(98,682)	(63,122)
Gain/(loss) arising from changes in fair value less costs to sell	(366,285)	29,431
Balance as at 31 March	887,430	1,165,585

22.3.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 17.6% (2024: 18.75%).	Determination of selling price Selling price has been determined based on the market prices Determination of cost per cow Cost per cow has been determined based on the adjusted cost during the year. Determination of cost per cow Risk adjusted discount rate of 17.6% (2024 – 18.75%) has been use for the valuation. Determination of yield Yield has been determined based on the actual milk production in each lactation. Risk-adjusted discount rate. 2025 – 17.6% (2024 – 18.75%).	The estimated fair value would increase/(decrease): – the estimated milking prices were higher/(lower) – the estimated yield per cow were higher/(lower) – the risk-adjusted discount rate were higher/(lower)

22.3.2. Sensitivity analysis

The fair value measurements of livestock have been categorised as Level 3 fair value based on assumptions used.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	887,430	1,165,585
Value stand as at 10% positive variance	1,169,363	1,807,588
Value stand as at 10% negative variance	605,506	523,589

Sensitivity variation Cost (using 10% variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	887,430	1,165,585
Value stand as at 10% positive variance	466,600	626,146
Value stand as at 10% negative variance	1,308,269	1,705,032

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	887,430	1,165,585
Value stand as at 1% positive variance	868,760	1,139,462
Value stand as at 1% negative variance	906,792	1,192,697

Sensitivity Variation on yield (using 1.0% variation)

	2025 Rs. '000	2024 Rs. '000
Value stand as now	887,430	1,165,585
Value stand as at 1% positive variance	968,453	1,260,156
Value stand as at 1% negative variance	807,038	1,071,628

LKAS 41-Ammended-Valuation of growing crops on bearer plants

The amendment became effective for the period beginning on or after 1 January 2016.The growing crops on bearer plants should be fair valued and recognised in the Financial Statements.

	Group	
	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	70,867	86,126
Write off during the year		
Change during the year	(34,357)	(15,259)
Balance as at 31 March	36,510	70,867

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows,

Tea – Three days crop (50% of 6 days cycle),

Oil palm – Five days crop(50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of oil palm is measured using the actual price used to purchase FFB from out growers.

Risk management strategy related to agricultural activities

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks

The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

23. Investment property

Accounting policy

Recognition and measurement

'Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

23.1 Reconciliation of carrying amount

Group

	Note	Land Rs. '000	Building Rs. '000	Total Rs. '000
Balance as at 1 April 2023	23.1.1	608,010	19,518	627,528
Additions		3,684	–	3,684
Balance as at 31 March 2024		611,694	19,518	631,212
Balance as at 1 April 2024		611,694	19,518	631,212
Transfer to Property, Plant and Equipment		(19,636)	(19,518)	(39,154)
Additions		3,691	–	3,691
Fair value		49,464	–	49,464
Disposal		(75,014)	–	(75,014)
Balance as at 31 March 2025		570,199	–	570,199

Company

	Note	Land Rs. '000	Building Rs. '000	Total Rs. '000
Balance as at 1 April 2023	23.1.1	603,319	238,655	841,974
Transfer from Property, Plant and Equipment	23.1.2	–	–	–
Additions		3,685	–	3,685
Balance as at 31 March 2024		607,004	238,655	845,658
Balance as at 1 April 2024		607,004	238,655	845,658
Additions		3,693	–	3,694
Fair value		44,028	8,350	52,378
Balance as at 31 March 2025		654,725	247,005	901,730

23.2 Details of land and building under Investment Property

Location	Extent		Fair valued amount			
	Land (Perches)	Building (Square feet)	Land Rs. '000	Building Rs. '000	Carrying value after fair valuation Rs. '000	Carrying value if carried at cost Rs. '000
No. 75A, Kandawala Road, Rathmalana	195.50	42,367.50	237,977	167,024	405,000	327,205
No. 130/6, Sri Wickrema Mawatha	117.00	31,105.00	140,407	107,893	248,300	71,616
No. 60/46, Sri Wickrama Road, Colombo 15	25.60	–	33,800	–	33,800	11,980
No. 107/11, Pasbatel Road, Mattakkuliya	246.29	–	242,600	–	242,600	171,674
No. 75, Norris Canel Road, Colombo 10	28.25	–	293,800	–	293,800	226,000

Lands and buildings were revalued as at 31 March 2025, by Mr Lochana I Silva, a fellow member of the Royal Institute of chartered serveyors (UK), a professional valuer in Sri Lanka. The fair value is determined based on an open market value using existing use basis.

The Group policy is to fair value all the Investment Properties by an independent professional valuer every three (3) years period. However the Management carry out fair value assessment annualy.

23.3 Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The table below sets out the significant unobservable inputs used in measuring land and building categorized as Level 3 in the fair value hierarchy as at 31 March 2025.

Method of valuation

Re-valued using income approach

Following investment properties have been valued using the income approach, in accordance with SLFRS 13 – Fair Value Measurement and LKAS 40 – Investment Property, as these properties are currently rented out and generate regular rental income. The income approach involves discounting the estimated future net cash flows to their present value using market-derived discount rates.

Location and address of the property	Method of valuation	Period Considered	Rent Range	Discount Factor
No 75A, Kandawala Road, Rathmalana.	Income Approach	Two (2) years	Rs. 1,057,875.00 – Rs. 3,139,893.75	–
No. 130/6, Sri Wickrama Mawatha, Mattakkuliya	Income Approach	Four (4) years	Rs. 14,880,000 – Rs. 17, 223,600	10%

Re-valued using direct comparision approach

When the rental value of a specific property is unavailable, but there is evidence of the sale price for comparable properties in the area, this approach can be applied. In such instances, the capitalised value of the property is determined by directly comparing it to the capitalised value of similar properties in the vicinity.

Location and address of the property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Estimated fair value would increases or decreases
No 60/46, Sri Wickrama Mawatha, Mattakkuliya	Direct Comparison Approach	Land – Price per perch	Rs. 1,320,000 – Rs.2,000,000	Price per perch for land increases
No 60/52, Sri Wickrema Mawatha, Mattakkuliya	Direct Comparison Approach	Land – Price per perch	Rs. 985,000 – Rs.2,000,000	Price per perch for land increases
No 75, Norris Canal Road, Colombo 10	Direct Comparison Approach	Land – Price per perch	Rs. 10,000,000 – Rs. 14,000,000	Price per perch for land increases

23.4 Income from Investment Property

		Group	
	Note	2025 Rs. '000	2024 Rs. '000
Rent income from Investment Property	10	3,871	25,968
Direct Operating Expenses (including maintenance) generating Rent income		(3,685)	(4,408)
Net Profit from Investment Property carried at Fair Value		186	21,559

24. Investment in subsidiaries

Accounting policy

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognised at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate Financial Statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

Goodwill arising from business combinations is included in intangible assets whereas goodwill on acquisition of associate is included in investment in associates

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

Company

	2025				2024					
	Holding %	Number of Shares	Cost Rs. '000	Carrying value Rs. '000	Holding %	Number of Shares	Cost Rs. '000	Impairment Rs. '000	Carrying value Rs. '000	Amalgamated Rs. '000
Unquoted										
Sunshine Healthcare Lanka Limited	85.27	11,033	3,027,470	3,027,470	100	11,033	3,027,470	–	3,027,470	3,027,470
Sunshine Consumer Lanka Ltd	100	66,720	2,681,595	2,681,595	100	35,500	741,595	–	741,595	741,595
Sunshine Packaging Lanka Limited	–	–	–	–	100	91,479	696,500	(178,616)	517,884	–
Norris Canel Properties Ltd	100	9,600	96,000	96,000	–	–	–	–	–	96,000
Sunshine Wilmar (Pvt) Ltd	50	395,000	1,520,750	1,520,750	50	395,000	1,520,750	–	1,520,749	1,520,749
Sunshine Tea (Pvt) Ltd	–	–	–	–	100	4,717	1,940,000	–	1,940,000	1,940,000
Total	–	–	7,325,815	7,325,815	–	–	7,926,315	(178,616)	7,747,698	7,325,814

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

24.1 Group's Indirect Holdings

	2025 %	2024 %
Watawala Plantations PLC	38.42	38.42
Sunshine Consumer lanka (Pvt) Ltd.	100.00	100.00
Lonch Dairy Ltd. (formerly known as "Watawala Dairy Ltd")	34.54	34.54
Zesta Tea Ceylon (Shenzhen) Co. Ltd.	100.00	100.00
Sunshine Healthcare Lanka (Pvt) Ltd.	85.27	100.00
Healthguard Pharmacy Ltd.	85.27	100.00
Norris Canal Properties (Pvt) Ltd.	100.00	100.00
Sunshine Wilmar (Pvt) Ltd.	50.00	50.00
Lina Manufacturing (Pvt) Ltd.	63.10	71.60
Lina Spiro (Pvt) Ltd.	63.10	71.60
Sunshine Tea (Pvt) Ltd.	100.00	100.00

Based on the assessment carried out, the Board is of the view that there was no impairment as at reporting date.

Changes to the group structure

24.2 Investment in Subsidiaries

24.2.1 Investment in a Subsidiary during FY 2023/24

The Board of directors of SUN at the meeting held on 18 January 2024 resolved to infuse a sum of Sri Lanka Rupees Five Hundred Million (Rs. 500,000,000/-) into the capital of it's subsidiary SST. SST accordingly capitalized such sum of Sri Lanka Rupees Five Hundred Million (Rs. 500,000,000/-) by the issue of fully paid ordinary shares to the Company.

24.2.2 Investment in a Subsidiary during FY 2024/25

On 6 February 2025, Healthguard Pharmacy Ltd issued 12,500,000 shares Sunshine Healthcare Lanka Ltd for Rs. 400 Mn.. Healthguard Pharmacy Ltd. is a fully owned subsidiary of Sunshine Healthcare Lanka Ltd.

24.3 Changes in NCI

24.3.1 Changes In NCI during FY 2023/24

On 3 August 2023, LMPL, which is a subsidiary of SHL, became a 100% ownership of Lina Spiro (Private) Limited (LSPL) with the acquisition of remaining Non-Controlling Interest of 49%. The consideration for this purchase was satisfied by the issuance of new ordinary (voting – removed) shares in LMPL to Celogen for a consideration of Rs. 307 Mn.. As a result of this transaction, the effective shareholding in LMPL held by the SHL diluted from 90.62% to 71.6%.

24.3.2 Change In NCI during FY 2024/25

24.3.2.1 Capital Infushion of International Finance Corporation (IFC)

On 6 May 2024, International Finance Corporation (IFC) invested a total of Rs. 3,269,999,800 in SHL. In consideration of this investment, SHL issued 1,905,239 ordinary voting shares to IFC on 3 October 2024. Following this transaction, SUN now holds 85.27% of the shareholding in SHL, while IFC holds the remaining 14.73%.

24.3.2.2 Changes in holding in Lina Manufacturing Pvt Ltd.

On February 6, 2025, Lina Manufacturing (Pvt) Ltd issued 34,253,355 shares to Sunshine Healthcare Lanka Ltd for Rs. 875 Mn. and 10,051,929 shares to Celegon Lanka (Pvt) Ltd for Rs. 257 Mn.. As a result of this transaction, Sunshine Healthcare Lanka Ltd.'s effective shareholding in LMPL increased from 71.6% to 74%.

Accordingly, SHL holding in Lina has increased by 2.4% . The carrying amount of Lina Manufacturing Ltd Net assets in the Group's consolidated financial statements on the date of the acquisition was Rs. 3,361,300,507.

	Rs.'000
SHL interest after acquisition date	2,487,342
SHL interest before the acqusition	(1,595,778)
	891,564
New investment value	(875,173)
Increase in SHL ownership interest	16,391
Decrease in NCI ownership interest	(16,391)

The decrease in equity attributable to owners of the Company comprised of Rs. 16.4 Mn. increase in retained earnings.

24.4 Amalgamation of a Subsidiary

24.4.1 Amalgamation of Subsidiary during FY 2023/24

Gordon Frazer & Bosanquate Skrine company Ltd was amalgamated with SST a fully owned subsidiary of SST with effect from 27 September 2023. Accordingly, the book value of Gordon Frazer & Bosanquate Skrine company Ltd was amalgamated with SST and SST continues as the surviving entity.

24.4.2 Amalgamation of Subsidiary during FY 2024/25

SUN has amalgamated with SPL, a fully owned subsidiary of SUN effective from 1 October 2024. Accordingly, the book value of SPL was amalgamated with SUN and SUN continues as the surviving entity.

24.4.3 Group restructuring during FY 2024/25

On 31 December 2024, SUN has transfered its shareholding in SST, a wholly-owned subsidiary, to SCL, wholly-owned subsidiary of the Company. The transaction involves the transfer of 4,716,545 shares in SST, valued at a total consideration of Rs. 1,940,000,000. As consideration for the transfer, SCL issued 31,219,826 new shares amounting to Rs. 1,940,000,000 to SUN.

24.5 Assessment of Impairement of Subsidiary

The Board of Directors of the Company carried out an internal assessment of the potential implications of prevailing economic condition on its subsidiaries as at 31 March 2025 and are of the view that there is no additional provision for impairment needed against its investments in subsidiaries as at reporting date.

24.6 Goodwill

The aggregate effects of acquisition of subsidiaries are as follows:

	Total Rs. '000	Sunshine Helthcare Lanka Ltd. Rs. '000	Sunshine consumer Lanka Limited Rs. '000	Sunshine Tea (Pvt) Ltd. Rs. '000
Opening balance as at 1 April 2024	1,387,106	976,913	195,440	214,753
Impairment during the year*	(76,373)	–	(76,373)	–
Closing balance as at 31 March 2025	1,310,733	976,913	119,067	214,753

24.6.1 Impairment of goodwill

The Goodwill impairment test was carried out using following assumptions;

	Sunshine Healthcare Lanka Ltd	Sunshine Consumer lanka Ltd
Goodwill applicable for	Lina Manufacturing Lanka Ltd	Daintee Ltd
Method used	Free cash flow	Free cash flow
Cost of equity (%)	14.2	16.2
Cost of debts (%)	5.9	10.9
WACC (%)	10.9	15.0
Terminal Growth (%)	2.0	2.0

* The Board of Directors has assessed the potential impairment loss of the goodwill identified on consolidation using aforementioned key assumptions. Accordingly, it was concluded to made a provision amounting to Rs. 76 Mn. during the financial year for the Goodwill recognised for Daintee Ltd and there was no impairment recognised for Lina Manufacturing Ltd. The Board of Directors are certain that no further provision is required for the identified goodwill.

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

25. Equity accounted in investee

Accounting policy

The Group's interest in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated Financial Statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company does not have any investment in equity accounted in Investee as of 31 March 2025.

26. Other investments

Refer accounting policies in Note 18.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group's financial instruments are summarised as follows:

		Group		Company		
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Fair Value Through Profit or Loss – FVTPL	26.1	3,322,179	656,985	1,089,553	605,592	605,592
Fair Value Through Other Comprehensive Income – FVOCI	26.2	468,749	670,469	468,749	670,469	670,469
Investments measured at amortised cost	26.3	1,276,652	1,276,419	904,739	352,389	352,389
		5,067,579	2,603,873	2,463,041	1,628,450	1,628,450
Non-current investments		578,045	833,617	572,918	782,224	782,224
Current investments		4,489,534	1,770,256	1,890,123	846,226	846,226
		5,067,579	2,603,873	2,643,041	1,628,450	1,628,450

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 39 and 40.

26.1 Fair Value through Profit or Loss – FVTPL

	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously Stated Rs. '000
Investment in quoted shares	26.1.1	–	7,549	–	7,549	7,549
Investment in unit trust	26.1.2	3,317,052	598,043	1,089,553	598,043	598,043
Investment fund	26.1.3	5,127	51,393	–	–	–
		3,322,179	656,985	1,089,553	605,592	605,592

26.1.1 Investment in Quoted Shares

Group and Company

	2025 Number of Shares	2025 Cost Rs. '000	2025 Market Value Rs. '000	2024 Number of Shares	2024 Cost Rs. '000	2024 Market Value Amalgamated Rs. '000	2024 Market Value previously stated Rs. '000
Aitken Spence Hotels Holdings PLC	–	–	–	18,000	1,456	1,192	1,192
Chevron Lubricants Lanka PLC	–	–	–	59,000	8,684	6,357	6,357
Total	–	–	–	77,000	10,140	7,549	7,549
Fair value adjustment	–	–	–	–	(23,852)	–	–
Market value	–	–	–	–	7,549	–	–

** The Company has withdrawn the total quoted share investment during the year.*

26.1.2 Investment in Unit Trusts

Group and Company

	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 previously stated Rs. '000
Balance as at 1 April	598,043	–	598,043	–	–
Investments/disposals made during the year	2,509,895	570,000	375,068	570,000	570,000
Gain on increase in net asset value during the year	209,114	28,043	116,442	28,043	28,043
Carrying value as of 31 March	3,317,052	598,043	1,089,553	598,043	598,043

The Investment in Unit Trusts comprises investments made in Capital Alliance Investments Ltd. and NDB Wealth Management Ltd., a Hatton National Bank Custody Trustee Services. The average annual yield of the two investments are as follows;

Institution	Fund	Yeild Rate (%)
Capital Alliance PLC	Investment Grade Fund	9.6
Capital Alliance PLC	Fixed income opportunities fund	10
NDB Wealth Management Ltd.	Money Fund	8.2

26.1.3 Investment fund

	Group		
	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Balance as at 1 April	51,393	53,283	53,283
Funds transferred to short term deposit account	(50,000)	(9,000)	(9,000)
Gain on increase in net asset value during the year	3,734	7,110	7,110
Carrying value as of 31 March	5,127	51,393	51,393

26.2 Fair Value through Other Comprehensive Income – FVOCI

		Group/Company		Group/Company		
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Investment in unquoted shares	26.2.1	468,748	670,469	468,748	670,469	670,469
		468,748	670,469	468,748	670,469	670,469

26.2.1 Investment in Unquoted Shares

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
TATA Communication Lanka Limited	92,059	350,611	92,058	350,611	350,611
Lanka Commodity Brokers Limited	376,690	319,858	376,690	319,858	319,858
	468,749	670,469	468,749	670,469	670,469

26.2.2 Basis of Computation and Unobservable Input

The Free Cash flow to Firm method was used to determine the fair value of the unquoted share investments. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the fair value are set out below. Key assumptions are determined based on management experience, expectation of future outcome taking into account past experience adjusted for anticipated growth, historical data and industry norms.

	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd
Terminal Growth (%)	3.0	3.0
Marker risk premium (%)	7.5	7.5
Beta	0.687	0.52
Risk free rate of return (%)	11.3	11.3
EBIT Growth (%)	5	2.9
Tax rate (%)	30.0	30.0

Sensitivity Analysis

	2025		2024	
	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd
Terminal Growth				
1% increase	94.32	413.26	336.34	379.45
1% decrease	90.13	347.53	305.76	326.63
Marker risk premium				
1% increase	89.80	362.27	303.81	326.10
1% decrease	94.57	392.22	337.76	378.32
Beta				
100 basis point increase	89.44	359.79	308.22	340.63
100 basis point decrease	95.01	395.13	332.44	361.08
Risk free rate of return				
1% increase	88.84	355.79	297.44	319.59
1% decrease	95.81	400.01	346.09	386.95
EBIT Growth				
1% increase	93.97	394.55	328.56	366.65
1% decrease	90.20	359.30	311.38	334.99
Tax rate				
1% increase	92.06	379.42	316.29	343.12
1% decrease	92.06	374.00	323.43	358.10

Group and Company

	Lanka Commodity Brokers Ltd. Rs. '000	TATA Communication Lanka Ltd. Rs. '000	Total Rs. '000
Cost			
Balance as at 1 April 2024	117,693	75,000	192,693
Addition during the year	14,634	–	14,634
Balance as at 31 March 2025	132,327	75,000	207,326
Fair Value			
Balance as at 1 April 2024	350,611	319,857	670,468
Addition during the year	14,634	–	14,634
Fair Value charge 2025	11,444	(227,799)	(216,354)
Fair value of Investment as at 31 March 2025	376,690	92,059	468,749
Fair value of Investment as at 31 March 2024	350,611	319,857	670,469

Equity securities designated as at FVOCI*

As at 1 April 2018, the Group designated the investment shown below as equity securities at FVOCI because these equity securities represent investment that the Group intends to hold for the long term for strategic purposes.

	% Holding	Fair value at 31 March 2025	Dividend income recognised during 2024
Lanka Commodity Brokers Ltd.	17.35	92,059	23,002
TATA Communication Lanka Ltd.	10	376,690	38,301
		468,749	61,303

No Strategic investments were disposed during 2024/25, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

26.3 Investments measured at Amortised Cost

		Group		Company		
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Debentures	26.3.a	104,170	104,206	104,170	104,206	104,206
Investments in deposits and Repo investment		1,172,482	1,172,214	800,569	248,183	248,183
		726,651	1,276,420	904,739	352,389	352,389

26.3.a Debentures

Company/Group has invested Rs. 100 Mn. in listed rated unsecured redeemable Type A -5 years debentures issued by National Development Bank with fixed Interest Rate of 11.9% per annum payable semi-annually.

	Group/Company		
	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Investment made	100,000	100,000	100,000
Interest received	4,170	4,206	4,206
Balance as at 31 March	104,170	104,206	104,206

For the year ended 31 March 2025	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Interest %
Investment in debentures					
National Development Bank	A+	27 November 2026	1,000,000	100,000	11.9

For the year ended 31 March 2024	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Interest %
National Development Bank	A+	27 November 2026	1,000,000	100,000	11.9

27. Deferred taxation

Accounting policy

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except;

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except; when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates, that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity are also recognised in equity, through other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

As of 1 April 2023, following amendments to LKAS 12, the Group separately recognises deferred tax assets and liabilities for lease liabilities and right-of-use assets, respectively. This has no impact on the financial position due to the offsetting nature of these balances. As of 31st March 2025, the total deferred tax assets recognised for lease liabilities amounted to Rs111.3 Mn (2024 222 Mn), and the total deferred tax liabilities recognised for right-of-use assets were Rs 146 Mn (2024: Rs 251Mn).

Accordingly, provision for taxation is made on the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the applicable Inland Revenue Act. In estimating the provision for taxation, the Group had applied the provisions of Inland Revenue Act No. 24 of 2017 and the subsequent amendments thereto.

27.1 Composition of net and gross deferred tax asset/(liability)

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Composition of net deferred tax asset/(liability)					
Net deferred tax asset	374,924	420,127	14,689	–	31,602
Net deferred tax liability	(1,610,069)	(1,686,737)	–	80,087	–
	(1,235,145)	(1,266,610)	14,689	80,087	31,602

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Composition of gross deferred tax asset/(liability)					
Gross deferred tax asset	600,758	611,140	118,163	59,382	59,382
Gross deferred tax liability	(1,835,903)	(1,877,750)	(103,474)	(139,469)	(27,781)
	(1,235,145)	(1,266,610)	14,689	(80,087)	31,602

27.2 Deferred tax asset (gross)

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Balance as at 1 April	611,140	484,471	59,382	122,763	122,763
Charge/(reversal) for the year recognised in profit or loss	(22,187)	199,655	58,781	14,403	14,403
Charge/(reversal) for the year recognised in other comprehensive income	11,806	(73,360)	–	(77,784)	(77,784)
Transferred during the year		374	–		–
Balance as at 31 March	600,759	611,140	118,163	59,382	59,382

27.3 Deferred tax liability (gross)

	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously stated Rs. '000
Balance as at 1 April		(1,877,750)	(1,568,777)	(139,470)	(1,515)	(1,515)
Amalgamation effect		–	–	–	(111,667)	–
Charge/(reversal) for the year recognised in profit or loss		(51,325)	(281,245)	(25,857)	1,493	1,515
Charge/(reversal) for the year recognised in other comprehensive income		93,173	(27,728)	61,853	(27,781)	(27,781)
Balance as at 31 March		(1,835,902)	(1,877,750)	(103,474)	(139,470)	(27,781)
Net deferred tax asset/(liability)	27.1	(1,235,144)	(1,266,610)	14,689	(80,087)	31,602

27.4 Reconciliation of Deferred Tax Liabilities and Deferred Tax Assets

Group

	2025 Temporary Difference Rs. '000	2025 Tax effect Rs. '000	2024 Temporary Difference Rs. '000	2024 Tax effect Rs. '000
Property, plant and equipment	(2,488,329)	(746,495)	(2,512,463)	(687,355)
Intangible assets	(11,825)	3,548	–	–
Lease creditor – ROU	(504,129)	(151,239)	(306,843)	(92,053)
Biological assets	(3,164,052)	(856,211)	(3,654,639)	(968,377)
Biological assets – Consumable	(162,359)	(32,471)	–	–
Retirement benefit obligation	1,221,861	360,090	1,007,269	297,402
Debtors provision	304,673	90,918	305,734	91,721
Inventory provision	159,259	45,052	54,266	5,646
Revaluation surplus of property, plant and equipment	–	–	(346,100)	(103,830)
Fair value gain on investment property	499,070	(149,720)	(39,468)	(11,840)
Capital grants	34,173	10,253	397,737	119,313
Lease liabilities	513,346	154,004	(92,603)	(27,781)
Fair value gain on investments at FVOCI	(123,751)	37,126	50,219	15,066
Tax losses carried forward	–	–	477,396	95,480
	(3,722,063)	(1,235,145)	(4,659,495)	(1,266,610)

Company

	2025		2024	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	15,526	(4,658)	7,017	2,105
Intangible assets	(11,825)	3,548	–	–
ROU Assest	28,647	8,594	–	–
Lease creditor – ROU	29,763	(8,929)	–	–
Retirement benefit obligation	229,653	68,896	190,922	57,277
Fair value gain on investments at FVOCI	(123,751)	37,125	(92,603)	(27,781)
Fair value gain on investment property	299,623	(89,887)	–	–
	467,636	14,689	105,336	31,601

27.5 Reconciliation of Deferred Tax Liabilities and Deferred Tax Assets included under Asset Held for Sale and Liability held for sale

	2025		2024	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Tax effect Rs. '000
Unrecognised deferred tax assets on tax losses:				
Sunshine Packaging (Pvt) Ltd.	–	–	459,963	137,989
Century Properties (Pvt) Ltd.	–	–	22,466	6,740
Lina Spiro (Pvt) Ltd.	–	–	38,042	11,413
	–	–	520,471	156,142

The deferred tax assets and liabilities are arrived by applying the relevant tax rate applicable for the sources of income of the Company and its subsidiaries.

With the introduction of the Inland Revenue Act No. 24 of 2017 which became effective from 1 April 2018, the Company will have taxable income from the year ended 31 March 2020. As such, the Company will be eligible to claim its brought forward tax losses against its future taxable income within a period of 6 years.

Accordingly, during the year ended 31 March 2025, the Group has not recognised a deferred tax asset in 2025 (2024 – Rs. 420 Mn.) arising from brought forward tax losses as at 31 March 2025 after assessing the availability of future taxable profits for utilisation based on the 5 year profit projection approved by the Board. The deferred tax asset recognised will be tested for impairment on an annual basis and deferred tax asset recognised may written off if required. Accordingly, unrecognised deferred tax asset as at reporting date was Nil. (2024 – Rs. 156 Mn.).

Deferred tax liability arising from revaluation gain

Due to uncertainties that exist on the interpretation of the new tax law relating to freehold land for tax purposes, significant judgement was exercised to determine the provision required for deferred taxes on capital gains applicable to freehold land.

28. Inventories

Accounting policy

Recognition and measurement

Inventories other than produce stock and nurseries are stated at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The Group uses weighted average cost/FIFO formula in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

- The value of each category of inventory is determined on the following basis;
- Raw materials and consumables are valued at cost on a weighted average/purchase price basis
- Nurseries are valued at cost.
- Agricultural produce harvested from biological assets are measured at fair value less cost to sell at the point of harvest.
- Medical Items are valued at actual cost, on first in first out basis.
- Other Sundry Stocks are valued at actual cost, on first in first out basis
- Finished good are valued at lower of cost or net realisable value
- Work in progress are valued at actual cost

		Group			
As at 31 March	Note	2025 Rs. '000	2024 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Medical items		955,252	7,036,122	–	–
Harvested crop		35,535	98,218	–	–
Input materials and consumables		4,032,814	3,253,773	–	–
Finished goods		7,999,317	1,271,783	–	–
Work in progress		138,451	266,578	–	–
Goods in transit		838,208	349,825	–	–
Machinery spares		56,925	141,214	296	296
		14,056,502	12,417,513	296	296
Less: provision for impairment of inventories	28.1	(196,050)	(354,225)	–	–
		13,860,452	12,063,288	296	296

28.1 Provision for impairment of inventories

As at 31 March	Group 2025 Rs. '000	2024 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Balance as at 1 April	354,225	266,025	–	–
Charge during the year	17,579	343,107	–	–
Reversal during the year	(50,825)	(203,886)	–	–
written-off during the year	(124,929)	(51,021)	–	–
Balance as at 31 March	196,050	354,225	–	–

The Board of Directors has assessed the potential impairment loss of inventory as at 31 March 2025 by considering the potential impact of current econimic condition on net realisable value based on the implications on subsequent selling prices and cost to complete in additional to the normal assessment process.

29. Current tax assets/liabilities

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Current tax assets	143,552	139,136	97,667	75,566	75,566
Current tax liabilities	(1,410,124)	(785,681)	–	–	–
	(1,266,572)	(646,545)	97,667	75,566	75,566

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Balance as at 1 April	(646,550)	(416,089)	75,566	74,195	74,195
Current income tax expense	(2,957,940)	(1,997,792)	–	–	–
Changes in estimate relating to prior years	(24,392)	27,468	–	1,371	1,371
Set off against WHT/ESC	35,436	(3,304)	22,101	–	–
Payment during the year	2,326,874	1,743,172	–	–	–
Balance as at 31 March	(1,266,572)	(646,545)	97,667	75,566	75,566

30. Trade and other receivables

The accounting policy for trade and other receivables has been given in Note 18.

As at 31st March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 previously stated Rs. '000
Trade receivables		8,846,378	7,894,830	343	786	–
Less: provision for impairment	30.1	(306,685)	(318,629)	–	(46)	–
		8,539,693	7,576,201	343	740	–
Staff loan recoverable		64,596	32,600	–	–	–
Receivable from principals		–	907,860	–	–	–
Other receivables		774,965	406,892	544	22,331	18,313
Withholding tax recoverable		5,771	27,472	1,367	15,010	8,056
VAT recoverable		8,963	312,690	7,398	16,402	–
Advances and deposits		402,644	518,805	8,541	17,649	17,649
		1,256,940	2,206,319	17,850	71,392	44,018
		9,796,632	9,782,520	18,193	72,132	44,018

30.1 Provision for impairment of trade receivables

	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 previously stated Rs. '000
Balance as at 1 April	318,629	175,819	(46)	–	–
(Reversal)/Charge during the year	(1,124)	151,313	46	(46)	–
Written-off during the year*	(10,820)	(8,503)	–	–	–
Balance as at 31 March	306,685	318,629	–	(46)	–

** Trade receivables with the contractual amount of Rs. 10.8 Mn. (2024-Rs. 8.5 Mn. written off during 2025 are still subject to enforcement activity.*

B. Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 40.

31. Amounts due from related parties

The accounting policy for amount due from related parties has been given in Note 18.

As at 31st March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 previously stated Rs. '000
Sunshine Healthcare Lanka Ltd.	–	–	–	215	215
Watawala Plantation PLC	–	–	–	9,515	9,515
Sunshine Consumer Lanka Ltd.	–	–	113	–	–
Sunshine Packaging Lanka Ltd.	–	–	–	–	231,798
Healthguard Pharmacy Limited	–	–	–	15,457	15,457
Sunshine Tea (Pvt) Ltd.	–	–	–	219	219
Pyramid Lanka (Private) Limited	131,819	20,528	–	–	–
Pyramid Wilmar (Pvt) Ltd.	129,681	10,922	–	–	–
Pyramid Wilmar Oils & Fats (Pvt) Ltd.	64,856	297	–	–	–
Lina Manufacturing (Pvt) Ltd.	–	–	9,346	786	786
	326,356	31,747	9,459	26,192	257,990

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for amount due from related parties is included in Note 41.

32. Cash and cash equivalents

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 18.

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand with a maturity of three months or less.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

		Group		Company		
As at 31 March	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Cash at bank		3,140,603	2,496,024	151,901	105,816	94,537
Fixed deposits		2,694,835	2,858,879	137,000	628,694	628,694
Cash in hand		39,976	48,886	27	60	60
		5,875,414	5,403,789	288,928	734,570	723,291
Bank overdraft	32.1	(749,144)	(2,689,245)	–	–	–
Cash and cash equivalents in the statement of cash flows		5,126,270	2,714,544	288,927	734,570	723,291

32.1 Bank Overdrafts

	2025 Rs. '000	2024 Rs. '000	Security
Watawala Plantations PLC			
Hatton National Bank PLC	40,787	22,272	Corporate Guarantee of 35 Mn.
Standard Charted Bank	31,359	28,024	Unsecured
DFCC Bank PLC	150,366	–	Corporate Gurantee
Peoples Bank	92,421	30,343	150 Mn. Fixed deposit
	314,933	80,639	

	2025 Rs. '000	2024 Rs. '000	Security
Sunshine Healthcare Lanka Limited			
HongKong and Shanghai Banking Corporation Limited	–	696,241	Unsecured
Nations Trust Bank PLC	321,905	138,251	Unsecured
Nations Devolopment Bank	39,151	577,486	Unsecured
DFCC Bank PLC	–	268,464	Unsecured
Sampath Bank PLC	–	31,776	Unsecured
Commercial Bank of Ceylon	–	236,449	Unsecured
Hatton National Bank PLC	–	104,797	Unsecured
Standard Chartered Bank	28,272	10,023	Unsecured
Cargills Bank PLC	23,571	6,651	Unsecured
	412,899	2,070,138	
Sunshine Consumer Lanka (PVT) Limited			
Hatton National Bank PLC	–	4	Unsecured
	–	4	
Sunshine Tea Limited			
Hatton National Bank PLC	–	106,699	Unsecured
Seylan Bank PLC	–	2,111	Unsecured
Nations Trust Bank	1,138	146,846	Unsecured
Sampath Bank PLC	19,665	67,433	Unsecured
Standard Chartered Bank	–	59,961	Unsecured
Bank Of Ceylon	–	6,590	Unsecured
Indian Overseas Bank	–	129,413	Unsecured
NDB Bank	509	19,411	Unsecured
	21,312	538,464	
	749,144	2,689,245	

33. Capital and reserves

Accounting policy

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

33.1 Stated capital

As at 31 March	2025 Number of shares Rs. '000	2025 Values Rs. '000	2024 Number of shares Rs. '000	2024 Values Rs. '000
Balance at the beginning	491,974	4,240,394	491,974	4,240,394
Share split	1,475,921	–	–	–
Balance at the end of the year	1,967,895	4,240,394	491,974	4,240,394

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the share holders or one vote per share in the case of a poll.

Board of Directors of SUN has resolved to subdivide the ordinary shares of the Company currently amounting to four hundred and ninety one million nine hundred and seventy three thousand six hundred and twenty nine (491,973,629) ("Pre-Subdivision Shares") into one billion nine hundred and sixty seven million eight hundred and ninety four thousand five hundred and sixteen (1,967,894,516) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) Pre-Subdivision share held by each shareholder into four (4) ordinary shares.

33.2 Nature and purpose of reserves

Reserve on exchange gain or loss

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

General reserve

This reserve has been allocated for the purpose of future distribution.

33.3 Non-controlling interests

See accounting policies in Note 6.1.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 March 2025	Sunshine Healthcare Lanka Limited	Lina Manufacturing (Pvt) Ltd.	Lina Spiro (Pvt) Ltd.	Watawala Plantation PLC	Lonach Dairy Ltd.	Sunshine Wilmar (Pvt) Ltd.	Inter group elimination	Total
NCI percentage (%)	14.73	36.9	36.9	61.59	65.46	50.0	–	–
Non-current assets (Rs. '000)	3,463,183	1,035,093	473,870	5,387,634	2,433,863	3,481,951	–	–
Current assets (Rs. '000)	15,248,314	2,282,347	1,132,253	2,298,960	351,499	977,089	–	–
Non-current liabilities (Rs. '000)	(246,077)	(152,812)	(124,476)	(2,089,738)	(411,500)	–	–	–
Current liabilities (Rs. '000)	(7,308,246)	(360,678)	(274,546)	(2.098,420)	(6,413,823)	(5,065)	–	–
Net assets (Rs. '000)	11,157,174	2,803,950	1,207,101	3,498,436	(4,039,961)	4,453,975	–	–
Net assets attributable to NCI (Rs. '000)	1,643,452	1,034,663	445,423	2,154,512	(2,644,447)	2,226,989	1,887,597	6,748,187
Revenue (Rs. '000)	22,893,619	4,079,753	2,452,909	6,760,119	1,184,087	2,921,072	–	–
Profit (Rs. '000)	2,045,232	371,935	717,040	1,518,270	(327,038)	2,926,739	–	–
OCI (Rs. '000)	(26,262)	(1,830)	28	(61,676)	(8,204)	–	–	–
Total comprehensive income (Rs. '000)	2,018,970	370,105	717,068	1,456,594	(335,243)	–	–	–
Profit allocated to NCI (Rs. '000)	301,263	137,245	264,589	935,026	(214,070)	1,463,370	(1,212,829)	1,674,593
OCI allocated to NCI (Rs. '000)	(3,868)	(675)	10	(37,983)	(5,370)	–	356	(47,530)
Cash flows from operating activities (Rs. '000)	1,217,756	1,315,845	575,811	3,152,886	27,066	(5,639)	–	–
Cash flows from investment activities (Rs. '000)	(3,502,715)	(720)	(122,900)	648,721	(122,196)	12,511	–	–
Cash flows from financing activities (Rs. '000)	1,746,374	564,674	(154,290)	(3,730,027)	(89,394)	901,422	–	–
Net increase/(decrease) in cash and cash equivalents (Rs. '000)	(538,580)	1,879,799	298,621	71,580	(184,523)	908,294	–	–

31 March 2024	Lina Manufacturing (Pvt) Ltd.	Lina Spiro (Pvt) Ltd.	Watawala Plantation PLC	Watawala Dairy Ltd.	Sunshine Wilmar (Pvt) Ltd.	Inter group elimination	Total
NCI percentage (%)	28	28	62	66	50	–	–
Non-current assets (Rs. '000)	926,346	368,375	6,181,634	2,678,906	3,480,522	–	–
Current assets (Rs. '000)	1,765,193	644,846	2,743,270	498,146	70,264	–	–
Non-current liabilities (Rs. '000)	(181,818)	(31,398)	(1,486,262)	(349,365)	–	–	–
Current liabilities (Rs. '000)	(1,207,876)	(491,791)	(931,691)	(759,964)	5,550	–	–
Net assets (Rs. '000)	1,301,845	490,033	6,506,952	2,067,723	3,545,237	–	–
Net assets attributable to NCI (Rs. '000)	369,724	139,169	4,008,282	1,360,561	1,772,618	(3,882,488)	3,767,867
Revenue (Rs. '000)	2,414,872	981,770	6,867,145	1,453,992	1,593,312	–	–
Profit (Rs. '000)	202,513	150,208	2,403,852	(139,241)	1,605,227	–	–
OCI (Rs. '000)	(262)	(192)	(9,128)	(1,572)	–	–	–
Total comprehensive income (Rs. '000)	202,251	150,016	2,394,724	(140,813)	–	–	–
Profit allocated to NCI (Rs. '000)	57,514	42,659	1,480,773	(91,621)	802,613	(743,732)	1,548,206
OCI allocated to NCI (Rs. '000)	(74)	(54)	(5,623)	(1,034)	–	–	(6,785)
Cash flows from operating activities (Rs. '000)	(1,092,088)	(1,309)	2,713,273,000	(517,041,243)	1,914,896,073	–	–
Cash flows from investment activities (Rs. '000)	235,327	(14,307)	(338,381,000)	(97,782,652)	(436,921,546)	–	–
Cash flows from financing activities (Rs. '000)	498,037	(91,628)	(2,934,233,000)	544,477,575	(1,339,700,000)	–	–
Net increase/(decrease) in cash and cash equivalents (Rs. '000)	(358,724)	(76,012)	(559,341,000)	(70,346,320)	138,274,526	–	–

33.3.a Changes of NCI

Refer Note 24.3 for the changes of NCI during the year.

	Lina Manufacturing Pvt Ltd and Lina Spiro Pvt Ltd Share Swap Rs. '000	WHT payment on dividend distribution Rs. '000	Dividend paid to NCL for 2023/24 Rs. '000	Dividend paid to NCL for 2024/25 Rs. '000	Total Rs. '000
Carrying amount of NCI (acquired)/foregone					
Consideration paid/received to/from NCI	256,827	(155,168)	(793,711)	(1,374,626)	(2,066,678)
Decrease/Increase in equity attributable to owners of the Company	256,827	(155,168)	(793,711)	(1,374,626)	(2,066,678)

34. Loans and borrowings

Accounting policy

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalization when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalization of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

Group borrows funds generally and uses them for qualifying asset such as immature plantations of tea, rubber and oil palm. The Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure on the above biological assets. For this purpose Group uses weighted average of the borrowing costs applicable to the general borrowings.

All other borrowing costs are recognised in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

a. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other revenue".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

		Group		Company	
As at 31 March	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Amount repayable after one year					
Loans	34.1	1,215,632	1,055,128	–	–
SLSPC/JEDB lease creditors	34.2	467,192	401,592	–	–
Lease liabilities (2019: finance lease obligations)	34.3	266,114	219,296	–	–
		1,948,938	1,676,016	–	–

As at 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Amount repayable within one year					
Loans	34.1	4,669,902	5,137,427	–	–
SLSPC/JEDB lease creditors	34.2	4,818	3,170	–	–
Lease liabilities (2019: finance lease obligations)	34.3	247,233	171,396	29,763	–
		4,921,919	5,311,994	29,763	–
		6,870,857	6,988,010	29,763	–

34.1 Loans

As at 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Balance as at 1 April	6,192,555	4,635,231	–	–
Loans obtained during the year	19,166,876	4,195,901	–	881,000
Fair value adjustment	6,438	26,849	–	–
Accrued Interest	149,117	292,800	–	–
Less: Repayment during the year	(19,629,452)	(2,958,226)	–	(881,000)
Balance as at 31 March	5,885,535	6,192,555	–	–
Amount repayable within one year	4,669,902	5,137,428	–	–
Amount repayable after one year	1,215,632	1,055,127	–	–
	5,885,535	6,192,555	–	–

34.2 SLSPC/JEDB Lease Creditors

As at 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Balance as at 1 April	404,762	274,031	–	–
Additions during the year	72,342	133,511	–	–
Interest charges	69,434	58,536	–	–
Repayment during the year	(74,528)	(61,316)	–	–
Balance as at 31 March	472,010	404,762	–	–
Net Lease Obligation	470,498	404,762	–	–
Amount repayable within one year	4,818	3,170	–	–
Amount repayable after one year	467,192	401,592	–	–
	472,010	404,762	–	–

The annual lease series of payments payable by the Company with effect from 18 June 1996 in respect of these estates is Rs. 20.32 Mn. (basic lease series of payments) plus an amount to reflect inflation during the previous year determined by multiplying Rs. 20.32 Mn. by gross domestic product (GDP) deflator of the preceding year. However as per the agreement entered into with the Ministry of Plantations the application of GDP deflator has been suspended for five years commencing from 18 June 2003, resulting in a fixed lease payment of Rs. 29.04 Mn. In September 2010, as per the cabinet decision the regional plantation companies were requested to revert back to the original method of calculating lease rentals by applying the GDP deflator of the preceding year. The gross liability to the lessor represents the total basic lease series payable by the Company for the remaining term of the lease. The net liability to the lessor is the present value of annual basic lease series of payments over the remaining tenure of the lease. The discount rate used is 4% p.a.

34.3 Lease liabilities

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	390,692	389,451	–	19,776
Recognised/Derecognised during the year	257,364	114,635	50,315	–
Interest charges	80,057	107,779	6,612	947
Repayment during the year	(214,767)	(221,173)	(27,163)	(20,723)
Balance as at 31 March	513,346	390,692	29,763	–
Interest in suspense	–	–	–	–
Net Lease Obligation	505,134	390,692	29,763	–
Amount repayable within one year	247,233	171,396	29,763	–
Amount repayable after one year	266,114	219,296	–	–
	513,346	390,692	29,763	–

Lease liability – SLFRS 16

The Company had a lease agreement for the registered office premises for the two years period starting from 1 April 2024 to 31 March 2026.

Information about leases for which the Company/Group is a lessee is presented below.

Leases as lessee

The Group leases warehouses, office building and outlets. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouses, office building and outlets were entered into many years ago as combined leases of land and buildings.

The Group leases production equipment under a number of leases, which were classified as finance leases under LKAS 17. See Note 34.3.

The Group leases IT equipment with contract terms of one to three years. These leases are short term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

34.3.1 Right-of-use assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

		Group Building and leasehold land		Company Building	
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance at 1 April		713,307	600,901	–	18,395
Additions to right-of-use assets during the year	19.1	371,446	136,650	52,641	–
Remeasurement of Leasehold right to land	21	70,830	133,511	–	–
Transfer to Asset Held for sale		(50,717)	–	–	–
Disposal/written off		(74,928)	(2,633)	–	–
Depreciation and amortisation for the year'	19.1 & 21	(97,718)	(155,122)	(23,994)	(18,395)
Balance at 31 March		932,220	713,307	28,647	–

34.3.2 Amounts recognised in profit or loss

	Group		Company	
For the year ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest on lease liabilities	80,057	107,779	6,612	947
Interest charges on SLSPC/JEDB Lease Creditors	69,434	58,536	–	–
Depreciation of right-of-use assets	–	137,586	23,994	18,395
Amortisation of Leasehold right to land of JEDB/SLSPC estates	20,875	17,536	–	–
	170,366	321,437	30,606	19,342

34.3.3 Amounts recognised in statement of cash flows

The Company/Group has classified:

– cash payments for the principal portion of lease payments as financing activities;

– cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company/Group

– short-term lease payments and payments for leases of low-value assets as operating activities.

The Company/Group has not restated the comparative information.

	Group		Company	
For the year ended 31 March – Operating leases under SLFRS 16	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total cash outflow for leases	(867,763)	(167,853)	(27,163)	(20,724)
	(867,763)	(167,853)	(27,163)	(20,724)

34.3.4 Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sublease.

Finance lease
The Group has not sub-leased any right-of-use asset-property, plant and equipment.

During 2025 (2024 – Nil), the Group has no gain on derecognition of the right-of-use asset.

34.4 Term loans

		2025			2024					
Company/Lender	Year	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2025 Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2024 Rs. '000	Purpose	Repayment terms	Security
Watawala Plantations PLC										
Standard Chartered Bank Ltd	2025	300,000	–	300,000	–	–	–	For Working Capital purpose	Will be settled within 3 Months	N/A
Hatton National Bank PLC	2017/18	–	–	–	1,277	202	1,479	To purchase a lorry with chasis	60 equal monthly installments commencing from October 2017	Ownership of the lorry
Peoples Bank	2023/24	33,333	5,556	38,889	33,333	38,889	72,222	For import	36 equal monthly installments commencing from June 2023	Unsecured
Peoples Bank	2023/24	–	–	–	54,900	–	54,900	For import	Payment within 6 months from the date of loan granted	Unsecured
DFCC Bank PLC	2023/24	–	514,178	514,178	–	–			term loan with 4 years of grace period. payment in 48th month, 54th month and 60th month	Unsecured
Nations' Trust Bank	2024/25	51,765	–	51,765	–	–	–			Unsecured
		385,098	519,734	904,832	89,511	39,090	128,601			

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Company/Lender	Year	2025			2024			Purpose	Repayment terms	Security
		Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2025 Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2024 Rs. '000			
Sunshine Healthcare Lanka Limited										
Hatton National Bank PLC	2023/24	–	–	–	55,000	–	55,000	Working Capital Requirment	120 days	Unsecured
	2024/25	750,000	–	750,000	–	–	–			
Seylan Bank PLC	2023/24	–	–	–	170,000	–	170,000			Unsecured
	2023/24	–	–	–	245,000	–	245,000		145 days	
	2023/24	–	–	–	100,000	–	100,000			
	2023/24	–	–	–	700,000	–	700,000	Working Capital Requirment		
	2023/24	–	–	–	399,000	–	399,000			
	2024/25	350,000	–	350,000	–	–	–			
Standard Chartered Bank Ltd	2023/24	–	–	–	127,000	–	127,000	Working Capital Requirement	90 days	Unsecured
	2023/24	–	–	–	100,000	–	100,000	Working Capital Requirement	90 days	
National Development Bank	2023/24	–	–	–	245,044	–	245,044	Import of goods	180 days	Unsecured
Nations Trust Bank	2024/25	500,000	–	500,000	–	–	–	Working Capital Requirement	120 days	Unsecured
Sampath Bank PLC	2024/25	500,000	–	500,000	–	–	–			Unsecured
		2,100,000	–	2,100,000	2,141,044	–	2,141,044			

Company/Lender	Year	2025 Repayable within one year Rs. '000	2025 Repayable after one year Rs. '000	2025 Balance as at 31 March 2025 Rs. '000	2024 Repayable within one year Rs. '000	2024 Repayable after one year Rs. '000	2024 Balance as at 31 March 2024 Rs. '000	Purpose	Repayment terms	Security
Lina Manufacturing (Pvt) Ltd										
Hatton National Bank PLC	2023/24	–	–	–	–	–	–	To finance two months working capital requirements of the business.	180 days	Unsecured
	2023/24	–	–	–	258,128	–	258,128	Import of goods	180 days	
National Development Bank	2023/24	–	–	–	52,293	–	52,293	Import of goods	180 days	Unsecured
DFCC Bank PLC	2023/24	–	–	–	199,915	–	199,915	Import of goods	180 days	Unsecured
Commercial Bank	2023/24	–	–	–	50,000	–	50,000	Import of goods	180 days	Unsecured
		–	–	–	560,336	–	560,336			
Lina Spiro (Pvt) Ltd										
Commercial Bank of Ceyon PLC	2023/24	2,810	–	2,810	27,812		27,812	Working Capital Requirment	29 equal installments	Unsecured
National Development Bank	2023/24	–	–	–	123,594	–	123,594	Import of goods	180 days	Unsecured
		2,810	–	2,810	151,407	–	151,407			
Healthguard Pharmacy Ltd										
Nations Trust Bank	2023/24	–	–	–	300,000	–	300,000	Working capital financing	Within 3 months	Unsecured
Nations Trust Bank	2024/25	300,000	–	300,000	300,000	–	300,000	Working capital financing	Within 3 months	Unsecured
National Devlopment Bank	2023/24	–	–	–	500,000	–	500,000	Working capital financing	Repayable within 3 months	Unsecured
Hatton National Bank PLC	2024/25	250,000	–	250,000	–	–	–			Unsecured
		550,000	–	550,000	800,000	0	800,000			
Sunshine Consumer Lanka Ltd										
International Finance Corporation	2021	181,836	562,565	744,401	181,836	747,442	929,278	Acquisition of Daintee Limited	11 equal capital instalments starting from December 2023	As per the loan agreement
		181,836	562,565	744,401	181,836	747,442	929,278			

		2025			2024					
Company/Lender	Year	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2025 Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2024 Rs. '000	Purpose	Repayment terms	Security
Sunshine Tea (Pvt) Ltd										
Hatton National Bank PLC	2023/24	–	–	–	363,260	–	363,260	Working Capital		Unsecured
	2024/25	875,000	–	875,000	–	–	–	Working Capital	On demand	Mortgage over Stocks in Trade and Book debts for USD 3 Mn.
Seylan Bank PLC	2021/22	50,000	133,333	183,333	50,000	183,333	233,333	expanding the its factory and warehousing complex	4,166,667 Installement every Month – 07 Years	Unsecured
	2023/24	–	–	–	290,000	–	290,000	Working Capital	Clean	
	2024/25	300,000	–	300,000	–	–	–	Working Capital	On demand	
People's Bank	2021/22	–	–	–	19,444	4,167	23,611	Balance Sheet Restructuring	1,388,888.88 Installement every Month	Unsecured
Indian Overseas Bank	2022/23	25,158	–	25,158	34,010	25,507	59,517	Purchase of Machinery	USD 9,433.33 Installement every Month	Unsecured
Indian Bank	2022/23	50,000	–	50,000	50,000	50,000	100,000	Expanding the its factory and warehousing complex	50,000,000 Every Year – 04 Years	Unsecured
Indian Bank	2023/24	–	–	–	262,283	–	262,283	Working Capital	Secondary Mortgage over Machinary for USD 1.0 Mio at 754/5 Weddamulla, Kelaniya	Unsecured
National Development Bank	2024/25	150,000	–	150,000	–	–	–	Working Capital	On demand	Unsecured
Cargills Bank PLC	2023/24	–	–	–	150,000	–	150,000	Working Capital	Clean	Unsecured
		1,450,158	133,333	1,583,491	1,218,997	263,007	1,482,004			
Total		4,669,902	1,215,632	5,885,534	5,137,427	1,055,128	6,192,555			

There is no violations on Loan Covenants during the year.

34.5 Asset pledge as securities

Sunshine Consumer Lanka Limited has obtained a loan amounting to USD 5,000,000 (LKR equivalent to Rs. 1,000,200,000) on 12 October 2021 from International Finance Corporation for the purpose of financing the acqusition of Daintee Limited. Following assets have been pledged as securities as at 31 March 2025 for the purpose of obtaining loan.

Immovable property

Name of the owner	Location	Description of the property	Owned/ leased
Sunshine Holdings PLC	Mattakkuliya	Lot D in Plan No. 2753 dated 17/10/2002 made by J G Kammanankada LS (Warehouse)	Owned
Sunshine Holdings PLC	Mattakkuliya	Lot 1A in Plan No. 4219 dated 19/12/2010 made by A R Silva LS (Car park)	Owned
Sunshine Holdings PLC	Mattakkuliya	Lot A in Plan No. 9508 dated 13 March 2013 made by Gamini B Dodanwela, Licensed Surveyor (resurvey of Lot 1 in Plan No. 2317 dated 28/04/1996 made by Gamini B Dodanwala LS)	Owned
Sunshine Holdings PLC	Mattakkuliya	Lot 2 in Plan No. 2317 dated 28/04/1996 made by Gamini B Dodanwala LS	Owned
Norris Canal Properties (Private) Ltd.	Maradana	Lot 1 depicted in Plan No. 2117 dated 1 November 1980 made by Sri D Liyanasuriya LS	Owned
Sunshine Holdings PLC	Ratmalana	Lot A in Plan No. 9079 in Plan No. K V M W Samaranayake LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lot 3 and lot 1 (reservation for a road 20 feet wide) on plan no. 637 dated 15/02/1983 made by T S Siriwardena, LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lot 2 on Plan No. 637 dated 15/02/1983 made by T.S. Siriwardena, LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lots 1/B, 2/B, 3/B and 4B on Plan No. 990 dated 15/02/1989 made by G.P. Abeynayaka LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Land Parcel No. 26 on Cadastral Map No. 520208 in extent 0.2688 Hectares	Owned

Movable Property

Name of owner	Factory Assets
Sunshine Consumer Lanka Ltd.	Plant and Machinery, Factory Equipment, Lab Equipment, Garage Equipment, Boiler

35. Employee benefits

Accounting policy

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively. All employees of the Group are members of the Employees' Provident Fund, Estate Staff Provident Society or Ceylon Planters' Provident Fund.

Defined benefit plans

The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value. The defined benefit obligation is calculated annually by Independent Actuaries/ internally generated models using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee Benefits".

- Actuarial gains and losses in the period in which they occur have been recognised in the Statement of Other Comprehensive Income.
- The Gratuity liability is not externally funded.

Gratuity liability is computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 – "Employee Benefit".

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

The Company is liable to pay gratuity in terms of the relevant statute.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

When benefits of a plan are changed or when a plan is curtailed, resulting a change in benefits paid that relates to past service or the gain or loss curtailment is recognised immideatly in profit or loss.

The Group recognises gains or losses on the settlement of the defined plan when the settlement occurs.

Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

	Group		Company		
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Employees' Provident Fund					
Employers' contribution	327,612	264,728	46,670	30,069	30,069
Employees' contribution	234,687	189,063	30,840	20,956	20,956
Employees' Trust Fund	81,061	66,706	10,923	6,788	6,788
Present value of defined benefit obligations (Note 35.1)	1,221,860	1,009,377	229,653	190,922	190,922

35.1 Defined Benefit Obligations (PVDBO)

As at 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Amalgamated Rs. '000	Company 2024 Previously stated Rs. '000
Liability for defined benefit obligation at 1 April	1,009,377	883,412	190,922	141,256	141,256
Staff transfers	1,272	3,132	12,884	14,692	14,692
	1,010,649	886,544	203,806	155,948	155,948
Included in profit or loss					
Current service cost and Interest cost	214,769	232,210	36,544	26,301	26,301
	214,769	232,210	36,544	26,301	26,301
Included in OCI					
Actuarial (gains)/losses on PVDBO	136,998	24,249	(10,176)	8,673	8,673
	136,998	24,249	(10,176)	8,673	8,673
Benefits paid	(140,555)	(133,626)	(523)	–	–
Liability for defined benefit obligation at 31 March	1,221,861	1,009,377	229,653	190,922	190,922

The details of the actuaries involved in carrying out the valuation as at 31 March 2025 are as follows:

Details of the actuary	Data of valuation	Valuation method
Mr M Pooplanathan, Messrs Actuarial and Management Consultants (Private) Limited	31 March 2025	Projected Unit Credit Method

35.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Interest rate 2025 %	Interest rate 2024 %	Salary increment rate 2025 %	Salary increment rate 2024 %	Staff turnover rate 2025 %	Staff turnover rate 2024 %
Sunshine Holding PLC – Company	10	11	14	15	13.0	23.9
Watawala Plantations PLC						
– estate workers (every 3 years)	11.0	11.0	15.0	5.0	–	10.3
– estate staff (every 3 years)	11.0	11.0	15.0	5.0	–	10.3
– estate management and head office staff (every year)	11.0	11.0	11.5	15.3	–	10.3
Sunshine Consumer Lanka Ltd.	10.0	11.5	13.0	15.0	21	17
Sunshine Healthcare Lanka Ltd.	11.00	12	14.00	14.00	15	17
Healthguard Pharmacy Ltd	11.00	11	14.00	14.00	11	31
Lina Manufacturing (Pvt) Ltd	10.00	11	16.50	15.00	22	23
Lina Spiro (Pvt) Ltd	11.00	11	16.50	16.50	22	21
Sunshine Tea (Pvt) Ltd	11.0	11	12.0	15.0	14	13

*** The retirement age for the group is 60 years. The weighted average duration of the defined benefit obligation of the group vary in the range of 2.5 -8.2 Years.*

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Group		Company	
As at 31 March	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
1% increase in discount rate	(61,379)	(733,280)	(8,158)	(3,492)
1% decrease in discount rate	62,583	821,639	8,945	3,654
1% increase in salary increment rate	66,757	824,682	9,463	3,484
1% decrease in salary increment rate	(66,169)	(730,057)	(8,766)	(3,394)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35.3 Determination of the Discount Rate

In determining the appropriate discount rate, the management considers the interest rates of Sri Lanka Government Bonds for a similar duration of the remaining expected working life of employees. The mortality rate is based on publicly available mortality tables. Estimate on future salary increases is based on expected future inflation rates and expected future salary increase rate of the Company.

35.4. The Company used independent actuary to compute the Defined Benefit Obligation for the first time this year.

sunshine
Bringing good things to life

36. Deferred income and capital grants

Accounting policy

Government grants

The Government grants relating to the purchase of property, plant and equipment and biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in Statement of Profit or Loss as other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group expenses or losses already incurred are recognised in Statement of Profit or Loss as other income of the period in which it becomes receivable and when the expenses are recognised.

	Group		
	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Balance as at 1 April	36,726	39,084	39,084
Amortised during the year	(2,553)	(2,358)	(2,358)
Balance as at 31 March	34,173	36,726	36,726

Funds had been received by Watawala Plantations PLC from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for Workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. The Grants received from the ministry of Estate Infrastructure for construction of crèches, farm roads and community centres, are also included above. The amounts spent have been included under the relevant classification of tangible fixed assets and the grant received is shown above. The Capital Grants are amortized on a straight line basis over the useful life of the respective asset.

37. Trade and other payables

Accounting policy

The accounting policy for trade and other payables has been given in Note 18.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

	Group		Company		
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Trade Payables	6,228,948	5,020,289	–	–	–
Advance for customers	74,740	223,923	–	–	–
Tax and Other statutory payables	22,628	245,514	11,252	5,423	5,423
Accrued Expenses and other Payables	2,883,633	2,113,785	182,604	94,811	91,922
	9,209,949	7,603,511	193,856	100,234	97,345

38. Amounts due to related parties

The accounting policy for amount due to related parties has been given in Note 18.

	Group		Company		
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 Previously stated Rs. '000
Sunshine Consumer Lanka Ltd	–	–	2	282	282
	–	–	2	282	282

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

39. Fair value measurement

Accounting policy

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, threat difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

– **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

– **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

– **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Group					Company				
			Fair value					Fair value			
31 March 2025	Classification	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets measured at Fair value											
Investment in Unquoted Shares*	Fair value through OCI	468,749	–	–	468,749	468,749	468,749	–	–	468,749	468,749
Investment in unit trust	Fair value through P&L	4,254,534	4,254,534	–	–	4,254,534	1,655,123	1,655,123	–	–	1,655,123
Investment Fund	Fair value through P&L	5,127	–	5,127	–	5,127	–	–	–	–	–
		4,728,410	4,254,534	–	468,749	4,728,410	2,123,872	1,655,123	–	468,749	2,123,872

31 March 2025	Classification	Group					Company				
			Fair value					Fair value			
		Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets not measured at Fair value											
Trade and other receivables**	Amortised cost	9,796,632	–	–	–	9,796,632	18,192	–	–	–	18,192
Investment in Debentures	Amortised cost	104,170	–	–	–	104,170	104,170	–	–	–	104,170
Short term investments	Amortised cost	235,000	–	–	–	235,000	235,000	–	–	–	235,000
Amounts due from related parties**	Amortised cost	326,356	–	–	–	326,356	9,459	–	–	–	9,459
Cash and cash equivalents**	Amortised cost	5,875,414	–	–	–	5,875,414	288,928	–	–	–	288,928
		16,337,572	–	–	–	16,337,572	655,749	–	–	–	655,749
Financial Liabilities not measured at Fair value											
Loans and borrowings***	Other financial liabilities	6,870,892	–	–	–	6,870,892	29,763	–	–	–	29,763
Bank overdraft**	Other financial liabilities	749,144	–	–	–	749,144	–	–	–	–	–
Trade and other payables**	Other financial liabilities	9,209,949	–	–	–	9,207,444	193,856	–	–	–	193,856
		16,829,985	–	–	–	16,829,985	223,619	–	–	–	223,619

		Group					Company Amalgamated					Company Previously Stated				
			Fair value					Fair value					Fair value			
31 March 2024	Classification	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets measured at Fair value																
Investment in Unquoted Shares*	Fair value through OCI	670,469	–	–	670,469	670,469	670,469	–	–	670,469	670,469	670,469	–	–	670,469	670,469
Investment in Quoted Shares	Fair value through P&L	7,549	7,549	–	–	7,549	7,549	7,549	–	–	7,549	7,549	7,549	–	–	7,549
Short term Investments	Fair value through P&L	1,545,256	–	1,545,256	–	1,545,256	621,226	–	621,226	–	621,226	621,226	–	621,226	–	621,226
Investment Fund	Fair value through P&L	51,393	–	51,393	–	51,393	–	–	–	–	–	–	–	–	–	–
		2,274,667	7,549	1,596,649	670,469	2,274,667	1,299,244	7,549	621,226	670,469	1,299,244	678,018	7,549	621,226	670,469	1,299,244
Financial Assets not measured at Fair value																
Trade and other receivables**	Amortised cost	9,782,520	–	–	–	9,782,520	72,132	–	–	–	72,132	44,017	–	–	–	44,017
Investment in Debentures	Amortised cost	104,206	–	–	–	104,206	104,206	–	–	–	104,206	104,206	–	–	–	104,206
Short term investments	Amortised cost	225,000	–	–	–	225,000	225,000	–	–	–	225,000	225,000	–	–	–	225,000
Amounts due from related parties**	Amortised cost	31,749	–	–	–	31,749	26,193	–	–	–	26,193	257,990	–	–	–	257,990
Cash and cash equivalents**	Amortised cost	5,403,789	–	–	–	5,403,789	734,570	–	–	–	734,570	723,291	–	–	–	723,291
		15,547,264	–	–	–	15,547,264	1,162,101	–	–	–	1,162,101	1,354,504	–	–	–	1,354,504
Financial Liabilities not measured at Fair value																
Loans and borrowings***	Other financial liabilities	6,988,010	–	–		6,988,010	–	–	–	–	–	–	–	–	–	–
Bank overdraft**	Other financial liabilities	2,689,245	–	–	–	2,689,245	–	–	–	–	–	–	–	–	–	–
Trade and other payables**	Other financial liabilities	7,603,511	–	–	–	7,603,511	100,236	–	–	–	100,236	97,345	–	–	–	97,345
Amounts due to related parties**	Other financial liabilities	–	–	–	–	–	282	–	–	–	282	282	–	–	–	282
		17,280,766	–	–	–	17,280,766	100,518	–	–	–	100,518	97,627	–	–	–	97,627

** Free cashflow valuation method has been applied in Unqouted share valuation based on the Beta factor of a Similar public quoted company. The key assumptions used in the Valuation are setout below:*

	2025 %	2024 %
Terminal Growth	3	3
Marker risk premium	8.0	5.0
Risk free rate of return	10.3	12.3
EBIT Growth	0.5-2.9	5
Tax rate	30.0	30.0

*** Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value. This includes trade receivables, cash and cash equivalents, trade payable, other payables, amounts due to and due from related parties and bank overdraft. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.*

**** Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.*

40. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

a. Credit risk (Note 40.2)

b. Liquidity risk (Note 40.3)

c. Market risk (Note 40.4)

d. Operational risk (Note 40.5)

40.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

40.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	Group		Company		
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Impairment loss on trade receivables and contract assets arising from contracts with customers	306,685	318,629	–	46	–
	306,685	318,629	–	46	–

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers.

	Group			
As at 31 March 2025	Weighted average loss rate %	Gross carrying amount Rs. '000	Loss allowance Rs. '000	Credit impaired
Less than 30 days	0.2	4,680,193	5,450	No
More than 30 days but less than 60 days	1.1	1,739,214	6,435	No
More than 60 days but less than 90 days	1.0	688,173	4,318	No
More than 90 days	22.6	1,738,798	290,483	Yes
	–	8,846,378	306,686	

	Group			
As at 31 March 2024	Weighted average loss rate %	Gross carrying amount Rs. '000	Loss allowance Rs. '000	Credit impaired
Less than 30 days	0.2	3,456,494	7,669	No
More than 30 days but less than 60 days	0.7	1,224,451	9,095	No
More than 60 days but less than 90 days	1.6	476,640	7,638	No
More than 90 days	22.3	2,737,245	294,227	Yes
	–	7,894,830	318,629	

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. in addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group takes out Bank Guarantees to limit of risk of credit losses on trade receivables and contract assets. Further, the Group does not recognise impairment provision on account of Government debtors.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk as at 31 March 2025 is as follow:

	Group		Company		
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 previously stated Rs. '000
Other investments	5,067,579	2,603,873	2,463,041	1,628,450	1,628,450
Trade and other receivables	9,796,632	9,782,520	18,192	72,132	44,017
Amount due from related parties	326,356	31,747	9,459	26,193	257,990
Cash and cash equivalents	5,875,414	5,403,789	288,928	734,571	723,291
	21,065,981	17,821,929	2,779,620	2,461,346	2,653,748

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 5,875 Mn. at 31 March 2025 (2024: Rs.5,404 Mn.). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+ (2024:AA- to AA+), based on the ratings given by the rating agencies.

40.3 Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Group

		Contractual cash flows			
As at 31 March 2025	Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	749,144	749,144	–	–	749,144
Loans and borrowings	6,870,892	2,460,977	2,460,977	1,948,938	6,870,892
Trade and other payables	6,326,315	6,326,315	–	–	6,326,315
	13,946,351	9,536,436	2,460,977	1,948,938	13,946,351

Company

As at 31 March 2025	Carrying amount Rs. '000	Contractual cash flows 6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Loans and borrowings	29,763	–	29,763	–	29,763
Trade and other payables	193,856	–	–	–	–
	223,619	–	29,763	–	29,763

Group

As at 31 March 2024	Carrying amount Rs. '000	Contractual cash flows 6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	2,689,245	2,689,245	–	–	2,689,245
Loans and borrowings	6,988,010	2,655,997	2,655,997	1,676,015	6,988,010
Trade and other payables	7,603,511	7,603,511	–	–	7,603,511
Amount due to related parties	316,317	70,519	–	245,798	316,317
	17,597,083	13,019,272	2,655,997	1,921,813	17,597,083

Company

As at 31 March 2024	Contractual cash flows Amalgamated Amalgamated Carrying amount Rs. '000	Amalgamated 6 months or less Rs. '000	Amalgamated 6 – 12 months Rs. '000	Amalgamated More than 12 months Rs. '000	Amalgamated Total Rs. '000
Trade and other payables	100,236	100,236	–	–	100,236
Amount due to related parties	282	282	–	–	282
	100,518	100,517	–	–	100,517

Company

As at 31 March 2024	Contractual cash flows Previously Stated Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Trade and other payables	97,345	97,345	–	–	97,345
Amount due to related parties	282	282	–	–	282
	97,627	97,627	–	–	97,627

40.4 Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 March 2025. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies are primarily Sri Lankan Rupees. The currencies in which these transactions are primarily denominated are Euro, US dollars, Australian Dollar, Singapore Dollar and Japanese Yen.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

As at 31 March 2025	Group			Company	
	USD Rs. '000	Rs. Rs. '000	Total Rs. '000	Rs. Rs. '000	Total Rs. '000
Financial assets					
Other investments (excluding derivatives)	–	5,067,579	5,067,579	2,463,041	2,463,041
Trade and other receivables	4,870,308	4,926,324	9,796,632	18,193	18,193
Amount due from related parties	–	326,356	326,356	9,459	9,459
Cash and cash equivalents	824,544	5,050,870	5,875,414	288,928	288,928
	5,694,852	15,371,129	21,065,981	2,779,621	2,779,621
Financial liabilities					
Loans and borrowings	(84,900)	(1,864,038)	(1,948,938)	–	–
Trade and other payables	(3,373,838)	(5,836,117)	(9,209,954)	(193,856)	(193,856)
Bank overdrafts	–	(749,144)	(749,144)	–	–
	(3,458,738)	(8,449,299)	(11,908,036)	(193,856)	(193,856)
Net exposure	2,236,114	6,921,830	9,157,945	2,585,765	2,585,765

As at 31 March 2024	Group				Company	
	USD Rs. '000	Rs. Rs. '000	Other foreign currencies Rs. '000	Total Rs. '000	Amalgamated Total Rs. '000	Previously Stated Total Rs. '000
Financial assets						
Other investments (excluding derivatives)	–	2,603,873	–	2,603,873	1,628,450	1,628,450
Trade and other receivables	1,310,949	8,446,354	27,738	9,785,041	72,132	44,017
Amount due from related parties	–	31,747	–	31,747	26,193	257,990
Cash and cash equivalents	354,430	5,047,016	2,346	5,403,791	734,570	723,291
	1,665,379	16,128,990	30,084	17,824,452	2,461,345	2,653,748
Financial liabilities						
Loans and borrowings	(685,059)	(6,311,161)	–	(6,996,220)	–	–
Trade and other payables	(468,623)	(7,148,086)	(802)	(7,617,511)	(100,236)	(97,345)
Amount due to related parties	–	(316,317)	–	(316,317)	(282)	(282)
Bank overdrafts	–	(2,689,245)	–	(2,689,245)	–	–
	(1,153,682)	(16,464,809)	(802)	(17,619,292)	(100,518)	(97,627)
Net exposure	511,697	(335,819)	29,282	205,162	2,360,826	2,556,122

Closing rate as 31 March 2025

Euro	Australian Dollar	Japanese Yen	US Dollar	Singapore Dollar
319.86	186.52	1.96	296.35	221.11

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro and US dollar against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Group			
	Profit or loss		Equity, net of tax	
As at 31 March 2025	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
USD (1% movement)	56,949	(56,949)	(56,949)	56,949

	Group			
	Profit or loss		Equity, net of tax	
As at 31 March 2024	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
USD (1% movement)	16,654	(16,654)	(16,654)	16,654

Interest rate risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 'Previously statedd Rs. '000
Fixed-rate instruments					
Financial liabilities					
Loans and borrowings	6,870,857	8,677,306	29,764	–	–
	6,870,857	8,677,306	29,764	–	–

About Us
From the Leadership
Business Review
Our Value Creation
Management Discussion and Analysis
Stewardship
Financial Reports
Supplementary Information

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Amalgamated Rs. '000	2024 'Previously statedd Rs. '000
Variable-rate instruments					
Financial liabilities					
Bank overdrafts	749,144	2,689,245	–	–	–
	749,144	2,689,245	–	–	–

40.5 Operational Risk

'Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Company.

40.6 Capital Management

Overall Group target was to maintain healthier capital base to ensure the sustainability of the Holdings company and its subsidiaries. In order to achieve above target, management monitors the return on capital and dividend payout ratio. Board of Directors ensure the optimum capital structure ensuring the best balance between equity and debt. The Group leverage will be monitored quarterly to ensure the optimum liquidity ratio. The Group leverage ratio will be maintain below 40% , while obtaining borrowing facilities ensuring the optimal returns to the shareholders

41. Related party transactions

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 – "Related Party Disclosures", the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

41.1 Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

KMP of the Company

'The Board of Directors of the Company has been classified as KMP of the Company

KMP of the Group

As the Company is the ultimate parent of the subsidiaries listed out on page 128, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Accordingly, the Board of Directors of the Company is also KMP of the Group. Therefore, officers who are only Directors of the subsidiaries and not of the Company have been classified as KMP only for that respective subsidiary.

41.1.a Compensation of key management personnel

	Group		Company		
For the year ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Restated and Amalgamated Rs. '000	2024 Previously Stated Rs. '000
Director fee	59,815	56,310	22,965	19,195	19,195
Short-term employee benefits	568,349	395,685	376,078	298,205	298,205
Post-employment benefits	14,507	9,369	8,731	6,919	6,919
	642,671	405,054	407,774	324,319	324,319

Compensation of the Group's/Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

Accordingly, the Directors (including Executive and Non-Executive Directors) of the Group have been classified as Key Management Personnel of the Group. In Addition, Group Chief Executive Officer, Chief Executive Officers of the Group, Group Chief Financial Officer, Group Chief People and Corporate Communication Officer and Group Chief Digital Officer have also been classified as Key Management Personnel of the Group.

No loans have been granted to the directors of the Company.

Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner. CFM are related parties to the Group/Company.

'There were no transactions, arrangements or agreements involving CFM during the year ended 31 March 2025.

41.2 Transactions with group entities

The Group entities include the subsidiaries and the associates of the Company.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 audited financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Transactions with subsidiaries

Company name	Relationship	Nature of transaction	'Transaction amount 2025 Rs. '000	Transaction amount 2024 Rs. '000	Amount (payable) /receivable 2025 Rs. '000	Amount (payable) /receivable 2024 Rs. '000
Sunshine Healthcare Lanka Ltd.	Subsidiary	Service income	152,413	145,637	–	215
		Dividend income	1,083,563	977,500	–	–
Healthguard Pharmacy Ltd.	Subsidiary	Service income	67,556	49,337	–	15,457
		Gratuity transfer	–	14,237	–	–
Watawala Plantations PLC	Subsidiary	Service income	141,923	112,005	–	9,515
Sunshine Consumer Lanka Ltd.	Subsidiary	Service income	117,335	120,767	110	(282)
		Dividend income	241,400	181,050	–	–
		Rent Income	5,132	–	–	–
Lina Manufacturing (Pvt) Ltd.	Subsidiary	Service income	42,721	9,686	9,347	786
Sunshine Wilmar (Pvt) Ltd.	Subsidiary	Dividend Income	1,009,000	800,000	–	–
Sunshine Tea (Pvt) Ltd.	Subsidiary	Sale	–	–	–	219
		Service income	29,659	–	–	–
		Gratuity transfer	–	219	–	–
			2,890,702	2,410,438	9,457	25,910

Transactions with other related entities

Other related entities include significant investors (either entities or individuals) that have control, joint control or significant influence.

Company name	Relationship	Nature of transaction	Transaction amount 2025 Rs. '000	Transaction amount 2024 Rs. '000	Amount (payable) /receivable 2025 Rs. '000	Amount (payable) /receivable 2024 Rs. '000
Lamurep Properties Ltd.	Affiliate	Rent	27,163	27,227	–	–
			27,163	27,227	–	–

42. Commitments

There were no material contingencies and commitments as at the reporting date except for disclosures made.

43. Contingencies

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Company

Pending Litigation and claims:

There are no litigations and claims as at the reporting date.

Group

Bank Guarantees:

Lonach Dairy Limited, a subsidiary of the Company, has given a bank guarantee amounting Rs. 10 Mn. (2024 – Rs. 10 Mn.) to Ceylon Grain Elevators PLC.

Sunshine Consumer Lanka Ltd has given a Bank guarantees amounting to Rs. 77.3 Mn. (2024 – Rs. 77.3 Mn.) in relation to the acquisition of Daintee Limited.

44. Events after the reporting period

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

Company/Group

There have been no events subsequent to the reporting date, which would have any material effect on the Company/Group, other than the following;

Amalgamation of Lina Spiro Private Limited (Spiro) with Lina Manufacturing Private Limited (Lina)

Lina Spiro (Private) Limited was a wholly owned subsidiary of Lina Manufacturing (Private) Limited during the year and as at the reporting date. In accordance with applicable legal provisions, Lina Spiro (Private) Limited was amalgamated with Lina Manufacturing (Private) Limited. The amalgamation became effective on 01 April 2025, as stated in the official certificates.

Following the amalgamation, the book value of Lina Spiro (Private) Limited as at 1 April 2025 was incorporated into the accounts of Lina Manufacturing (Private) Limited. All business operations previously conducted by Lina Spiro (Private) Limited are now carried out by Lina Manufacturing (Private) Limited, which remains as the continuing entity after the amalgamation.

As a result, Lina Spiro (Private) Limited ceased to exist as a separate legal entity from 1 April 2025, in accordance with the law.

This amalgamation is considered a non-adjusting event, and therefore, no changes have been made to the classification as at the reporting date.

44.1 Dividend declaration

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on 28 May 2025 has been audited by Messrs. KPMG.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2025.

45 Effect of Amalgamation – Consolidated Financial Statements

Accounting policy

The Group adopted the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December, 2012, on merger accounting for common control combinations for annual periods beginning on or after 1 April 2020. The SORP is applicable for Consolidated Financial Statements. Due to the absence of clear guidance of accounting for amalgamation in the separate Financial Statements, the Group adopted the SORP for Merger Accounting for Common Control Combinations, in preparing the separate Financial Statements of the Company.

The Amalgamation of Sunshine packaging (Pvt) Ltd with Sunshine Holdings PLC was recognised as Common Control Combination in accordance with Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Business Combinations issued by CA Sri Lanka .Accordingly, There is no impact in the Consolidated Financial Statements since Sunshine packaging (Pvt) Ltd was consolidated to Sunshine Holdings PLC as at 1 October 2024 without Non controlling interest.

Comparative figures were restated as of the company has been combined at the previous reporting date as per the guidelines issued under statement of Reccommended practices(SORP) on merge accounting commom control business combination issued by CA sri lanka

45.1 Composition of Assets and Liabilities in the Sunshine Packaging (Pvt) Ltd. on the date of amalgamation (as at 30 September 2024)

	Rs.
ASSETS	
Investment Property	849,352
Investment in Subsidiaries	96,000
Trade and Other Receivables	27,357
Cash and Cash Equivalents	20,685
Total Assets (A)	993,394
LIABILITIES	
Deferred Tax Liability	111,689
Amounts Due to Related Parties	256,460
Trade and Other Payables	3,588
Total Liabilities (B)	371,738
Total Equity(A-B)	621,656
Investment of Sunshine Holdings PLC in SPL (NCI – NIL)	(696,500)
Total equity balance transferred on merger	(74,844)

45.2 Effect of Amalgamation – Separate Financial Statements

Effect of amalgamation for the year ended 31 March 2024 and 31 March 2025 on the statement of profit or loss and other comprehensive income and the statement of financial position on the separate financial statements of Sunshine Holdings PLC are as follow:

45.2.a Statement of profit or loss and other comprehensive income

	Year ended 31 March 2025				Year ended 31 March 2024		
	Amalgamating with SPL from 1 October 2024 Rs. '000	Amalgamating with SPL from 1 April 2023 Rs. '000	Effect on amalgamation Rs. '000	As previously presented Rs. '000	Restated Rs. '000	As restated and amalgamating with SPL Rs. '000	Effect on amalgamation Rs. '000
Revenue	736,612	749,840	13,228	2,070,290	452,869	475,158	22,289
Cost of Sales	(730,870)	(730,870)	–	–	(387,258)	(387,258)	–
Gross Profit	5,742	18,970	13,228	2,070,290	65,611	87,900	22,289
Other income	2,524,676	2,524,676	–	501,290	2,118,711	2,120,654	1,943
Administrative expenses	(423,185)	(424,765)	(1,580)	(755,241)	(367,983)	(374,383)	(6,400)
Profit from Operating Activities	2,107,233	2,118,881	11,648	1,816,340	1,816,339	1,834,170	17,832
Finance income	96,212	96,212	–	159,616	159,616	139,251	(20,365)
Finance costs	(6,347)	(4,321)	(10,667)	(1,217)	(1,217)	(1,217)	0
Net finance costs	89,865	91,891	(10,667)	158,398	158,398	138,033	(20,365)
Profit before Tax	2,197,098	2,210,772	981	1,974,739	1,974,737	1,972,204	(2,533)
Income Tax Expense	2,230,022	32,923	–	17,289	17,288	17,267	(22)
Profit for the year	2,242,715	2,243,695	981	1,992,028	1,992,025	1,989,471	(2,555)
Other Comprehensive Income							
Items that will not be reclassified to profit or loss							
Actuarial gain/loss	10,176	10,176	–	(8,673)	(8,673)	(8,673)	–
Equity investments at FVOCI – net change in fair value	(216,354)	(216,354)	–	360,558	360,558	360,558	–
Related tax	61,853	61,853	–	(105,565)	(105,565)	(105,565)	–
Total Other Comprehensive Income/ (expense) for the year	(144,325)	(144,325)	–	246,320	246,320	246,320	–
Total Comprehensive Income for the year	2,098,390	2,099,371	981	2,238,347	2,238,345	2,250,825	12,479

45.2.b Statement of Financial Position

	Year ended 31 March 2025			Year ended 31 March 2024		
	Amalgamating with SPL Rs. '000	Without Amalgamating SPL Rs. '000	Effect on amalgamation Rs. '000	As restated and amalgamating with SPL Rs. '000	As previously presented Rs. '000	Effect on amalgamation Rs. '000
ASSETS						
Non-Current Assets						
Property, plant and equipment	61,714	61,714	–	8,652	8,652	–
Intangible assets	9,796	9,796	–	14,490	14,490	–
Investment property	901,730	–	901,730	845,658	–	845,658
Investments in subsidiaries	7,325,815	7,747,699	(421,884)	7,325,815	7,747,699	(421,884)
Other investments, including derivatives	572,918	572,918	–	782,224	782,224	–
Deferred tax assets	14,689	104,576	(89,887)	–	31,602	(31,602)
Total Non-Current Assets	8,886,662	8,496,702	389,960	8,976,840	8,584,666	392,173
Current Assets						
Inventories	–	–	–	296	296	–
Other investments, including derivatives	1,890,123	1,890,123	–	846,226	846,226	–
Current tax assets	97,667	97,667	–	75,566	75,566	–
Trade and other receivables	18,193	16,572	1,620	72,132	44,017	28,115
Amounts due from related parties	9,459	262,579	(253,120)	26,192	257,990	(231,798)
Cash and cash equivalents	288,928	268,243	20,685	734,571	723,291	11,280
Total Current Assets	2,304,370	2,535,184	(230,815)	1,754,983	1,947,386	(192,404)
Total Assets	11,191,032	11,031,887	159,145	10,731,823	10,532,052	199,769
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated capital	4,240,394	4,240,394	–	4,240,394	4,240,394	–
Reserves	286,266	286,266	–	430,590	430,590	–
Retained earnings	6,211,099	6,029,807	181,292	5,689,313	5,572,519	116,794
Total Equity	10,737,759	10,556,467	181,292	10,360,297	10,243,503	116,794
Non-Current Liabilities						
Deferred tax liabilities	–	–	–	80,091	–	80,091
Employee benefits	229,653	229,653	–	190,922	190,922	–
Total Non-Current Liabilities	229,653	117,964	–	271,013	190,922	111,689
Current Liabilities						
Trade and other payables	193,857	216,003	(22,145)	100,234	97,345	2,889
Amounts due to related parties	2	–	(2)	282	282	–
Loans and borrowings	29,763	29,763	–	–	–	–
Total Current Liabilities	223,622	245,766	(22,145)	100,516	97,627	2,889
Total Equity and Liabilities	11,191,032	11,031,887	159,145	10,731,823	10,532,052	199,769

45.4 Nature and amount of significant account adjustment

The impact on amalgamation to financial statements is as follows:

	Rs.
Day 1 Adjustments to Equity on 1 April 2023	
Impairment Investment in subsidiary	(177,566)
Retained earnings	(73,270)
	(104,296)
Adjustments to Balance Sheet	
Investment in subsidiaries as carried in SPL financial statements	96,000
Loan outstanding balance	256,460
	352,460

There were no other significant accounting adjustments made to the net assets and net profit or loss of any entities to achieve consistency of accounting policies as a consequence of the common control combination.

45.5 Compliance with Section 241 of Companies Act No 7 of 2007

The Board of Sunshine Holdings PLC resolved that the amalgamation is in the best interests of the company and satisfied that the company satisfied the solvency test immediately after the amalgamation becomes effective.

46. Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

46.1 Statement of Profit or Loss and Other Comprehensive income – Separate Financial Statements

Amalgamation – Presents the results of the amalgamation of SUN and SPL.

Re-statement – Presents the business model change of the Company.

46.2. Statement of Profit or Loss and Other Comprehensive Income – Group

Re-statement – Presents the business model change of the Company.

47. Directors assessment on going concern

The Board of directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the improvements and uncertainities associated with the economic environment prevailing in the country and its potential implications on the business operations, and performance of the Group. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Based on this assessment, the Board is of the view that the Group has adequate liquidity position considering the level of business operations, cash flows in hand and the secured facilities available through bank credit facilities. Accordingly, the Group will not have any limitations in meeting the future obligations and ensuring business continuity.

The Board therefore is confident that the economic crisis prevailing in the country is not expected to significantly impact the going concern ability of the Group and the Company, and will continue to monitor any material changes in future economic conditions and the resultant implications on the business operations and amend the business projections accordingly, if required.

48. Director's responsibility

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No 7 of 2007.

SUPPLEMENTARY INFORMATION

DECADE AT A GLANCE

	2025		2024		2023		2022		2021	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	59,282,247	749,840	55,533,886	2,070,290	51,886,754	1,381,728	32,166,209	1,075,338	24,339,446	850,202
Gross profit	17,847,843	18,970	17,240,243	2,070,290	13,506,233	1,381,728	10,239,036	1,075,338	7,737,717	850,202
Profit Before interest and tax	9,354,836	2,118,881	8,662,392	1,816,341	7,000,928	1,156,628	5,632,248	945,840	3,525,378	3,025,600
Profit before tax	8,970,845	2,210,772	6,019,246	1,992,029	5,660,638	1,251,075	5,646,675	1,038,285	3,309,139	3,024,029
Income tax	(3,056,720)	32,923	(2,052,639)	17,289	(2,043,786)	(738)	(650,001)	(15,453)	(771,611)	(117,953)
Profit for the year	5,914,125	2,243,695	6,019,246	1,992,029	3,616,851	1,250,336	4,996,672	1,022,832	2,537,528	2,906,076
Profit or (loss) on discontinued operations, net of tax	–	–	–	–	–	–	–	–	–	–
Other comprehensive income	(248,782)	(144,325)	231,885	246,320	(174,312)	(81,987)	70,378	(39,642)	(37,970)	(15,382)
Total comprehensive income	5,665,343	2,099,370	6,251,131	2,238,349	3,442,539	1,168,349	5,067,051	28,890,694	2,499,558	983,190
"Profit Attributable to owners of parent company"	4,239,533	2,243,695	4,471,042	1,992,029	2,263,930	1,250,336	2,720,743	2,906,076	1,522,207	1,022,832
Equity and liabilities	–	–	–	–	–	–	–	–	–	–
Stated capital	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394	1,641,715	1,641,715	1,641,715	1,641,715
Capital and other reserves	92,933	286,264	430,473	430,590	191,803	184,270	274,561	266,257	339,686	331,383
Retained profit	15,965,699	6,211,099	14,233,958	5,572,519	11,348,321	4,638,236	11,061,418	3,694,810	8,551,562	3,495,157
Shareholders' fund	20,299,026	10,737,757	18,904,825	10,243,503	15,780,518	9,062,901	12,977,694	5,602,783	10,532,963	5,468,255
Non-controlling interest	6,748,187	–	3,767,868	–	3,456,592	–	5,450,236	–	4,808,856	–
Total equity	27,047,215	10,737,757	22,672,693	10,243,503	19,237,110	9,062,901	18,427,931	5,602,783	15,341,819	5,468,255
Non current liabilities	4,815,041	229,653	4,408,856	190,922	4,240,426	144,726	2,826,317	113,136	3,484,909	106,078
Current liabilities	16,291,170	223,622	16,390,430	97,627	12,530,545	50,476	7,899,275	66,021	8,056,277	1,099,331
Total equity and liabilities	48,153,426	11,191,032	43,471,979	10,532,052	36,008,081	9,258,103	29,153,523	5,781,940	26,883,005	6,673,665

	2020		2019		2018		2017		2016	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	20,874,637	655,897	22,641,988	514,908	21,235,736	395,125	18,890,754	414,780	17,422,250	265,431
Gross profit	6,177,984	655,897	5,699,291	514,908	5,385,359	340,600	4,763,049	260,872	4,092,816	249,067
Profit Before interest and tax	2,909,048	1,976,429	2,213,170	303,937	2,580,028	122,913	2,072,983	107,405	1,660,599	157,705
Profit before tax	2,563,377	1,987,767	1,881,577	240,636	2,422,815	148,558	2,042,854	190,801	1,591,244	221,176
Income tax	(730,739)	(12,232)	(735,942)	19,250	(618,292)	–	(430,089)	(343)	(373,645)	(769)
Profit for the year	1,832,638	1,975,536	1,145,634	259,886	1,804,523	148,558	1,612,765	190,458	1,217,599	220,407
Profit or (loss) on discontinued operations, net of tax	–	–	–	–	(210,825)	–	8,456	–	–	–
Other comprehensive income	(36,539)	(27,415)	(224,827)	14,449	68,903	35,763	94,713	6,969	92,461	(6,992)
Total comprehensive income	1,797,282	1,948,121	920,807	274,335	1,662,601	184,321	1,715,934	197,427	1,310,060	213,415
"Profit Attributable to owners of parent company"	1,147,046	1,975,536	646,984	259,886	829,363	184,321	563,802	197,427	605,789	213,415
Equity and liabilities	–	–	–	–	–	–	–	–	–	–
Stated capital	1,641,715	1,641,715	1,641,715	1,641,715	798,504	798,504	730,940	730,940	730,940	730,940
Capital and other reserves	357,607	351,106	386,181	380,154	390,894	364,012	331,838	329,139	324,855	322,155
Retained profit	6,414,107	3,398,264	5,488,287	1,781,111	5,185,526	1,767,356	5,186,947	1,854,405	4,725,795	1,805,860
Shareholders' fund	8,414,140	5,391,086	7,516,184	3,802,980	6,374,925	2,929,873	6,249,725	2,914,484	5,781,590	2,858,955
Non-controlling interest	4,035,566	–	3,476,651	–	3,427,199	–	5,340,766	–	4,168,557	–
Total equity	12,449,706	5,391,086	10,992,835	3,802,980	9,802,123	2,929,873	11,590,491	2,914,484	9,950,147	2,858,955
Non current liabilities	3,547,763	1,035,713	5,632,267	1,322,862	5,462,718	1,221,729	2,839,327	51,881	2,883,820	43,199
Current liabilities	6,836,994	2,083,662	5,435,280	455,936	5,029,412	281,796	3,502,376	15,817	3,288,027	13,692
Total equity and liabilities	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182	16,121,994	2,915,845

	2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Assets																				
Property, plant and equipments	6,828,565	61,714	6,641,907	8,652	6,735,559	25,523	4,787,020	13,664	4,794,111	33,067	4,719,959	45,406	5,800,455	16,334	5,451,893	3,291	4,952,871	5,901	4,104,956	6,078
Leasehold right to bare land	409,805	–	359,851	–	243,876	–	235,995	–	238,853	–	241,439	–	183,963	–	190,997	–	–	–	–	–
Biological assets	3,317,573	–	3,658,653	–	3,503,610	–	3,675,946	–	3,492,193	–	3,449,345	–	4,694,037	–	4,379,456	–	3,629,026	–	3,431,155	–
Investment property	570,199	901,730	631,212	–	627,529	–	1,030,094	3,210,054	769,499	–	709,499	–	327,205	–	327,205	–	–	–	–	–
Intangible assets	235,132	9,796	277,903	14,490	349,109	19,759	385,928	25,028	249,057	7,556	165,943	5	192,415	27	215,179	780	168,765	1,533	137,472	2,192
Investments in subsidiaries	–	7,325,815	–	7,747,698	–	7,248,733	–	3,210,054	–	3,399,509	–	3,232,076	–	3,313,402	–	3,017,901	–	1,376,748	–	1,041,372
Other investments	578,045	572,918	833,617	782,224	465,734	465,734	741,513	669,200	1,004,331	647,178	1,070,904	727,179	976,129	647,625	653,396	642,633	636,733	625,970	1,296,865	721,505
Investment in gratuity fund	–	–	–	–	–	–	–	–	–	–	–	–	–	–	288,595	–	258,319	–	234,369	–
Investment in associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,960	9,000	–	–	6,276	6,111
Deferred tax	374,924	14,689	420,127	31,602	320,099	121,249	259,034	59,507	42,612	43,064	65,788	32,018	57,496	17,997	73,662	–	75,591	–	82,381	–
Current assets	34,528,450	2,304,370	29,261,603	1,947,386	22,322,177	74,195	16,710,797	1,804,487	14,714,409	2,541,999	12,410,202	4,472,425	9,825,883	1,577,394	8,705,910	759,792	8,210,888	972,029	6,828,520	1,138,587
Total assets	48,153,426	11,191,032	43,471,979	10,532,052	36,008,081	9,258,103	29,153,523	5,781,940	26,883,005	6,673,665	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182	16,121,994	2,915,845
Key indicators																				
Earnings per share	2.15*	1.14*	9.09	4.05	4.67	2.79	6.06	2.28	3.39	6.48	2.56	4.40	4.43	1.78	6.08	1.09	4.13	1.40	4.34	1.63
Dividends per share – cash	0.98	0.98	2.00	2.00	1.15	1.15	0.96	0.96	0.83	0.83	0.75	0.75	1.25	1.25	1.00	1.00	1.50	1.50	1.05	1.05
Dividends per share – scrip	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.50	0.50	0.50	0.50	–	–
Net assets per share	10.32*	5.46*	38.43	20.82	32.08	18.42	26.77	12.49	23.48	12.19	56.26	36.05	50.26	25.43	46.33	21.47	46.25	21.57	42.78	21.16
Return on equity (ROE) (%)	21.9	20.9	26.5	19.4	18.8	13.8	27.1	18.3	16.5	53.1	14.7	36.6	10.4	6.8	16.90	–	15.0	6.77	12.90	7.46
Current ratio	2.12x	10.30x	1.79x	19.95x	1.78x	1.47x	2.12x	27.33x	1.83x	2.31x	1.82x	2.15x	1.81x	3.46x	1.73x	2.70x	2.34x	66.71x	2.08x	83.16x
Dividend payout ratio (%)	13.86	–	22.01	–	24.63	–	15.84	–	24.48	–	29.30	–	28.22	–	137.61	–	141.84	–	64.4	–

* Figures indicated the results prior to the share subdivision.

Top 20 Shareholders list as at 31 March 2025

	Name	No. of shares	%
1	Lamurep Investments Limited Account No. 01 & 04 and Commercial Bank Of Ceylon Plc/Lamurep Investments Limited	1,085,816,556	55.18
2	Akbar Brothers Pvt Ltd A/C No 1	196,967,420	10.01
3	Deepcar Limited	185,056,304	9.40
4	Citibank Newyork S/A Norges Bank Account 2	52,918,548	2.69
5	Ceylon Business Development Limited	43,663,504	2.22
6	Thread Capital (Private) Limited	35,779,668	1.82
7	Mr Visvanathamoorthy Govindasamy	24,318,000	1.24
8	Seylan Bank Plc/ Mohamed Nayaz Deen & Amana Bank Plc/Mohamed Nayaz Deen	23,323,492	1.19
9	Perera And Sons Bakers Pvt Limited	17,600,000	0.89
10	Rubber Investment Trust Ltd A/C No. 01	14,158,916	0.72
11	Mr Hanif Yusoof & Ndb Wealth Management/ Hanif Yusoof& Ct Clsa Asset Management/Hanif Yusoof & Linear Wealth Management/Hanif Yusoof	13,267,979	0.67
12	Ranavav Holdings (Pvt) Ltd & Ranavav Holdings (Pvt) Ltd Account No.4 & Ranavav Holdings (Pvt) Ltd Account No. 2	10,946,824	0.56
13	Ceylon Guardian Investment Trust Plc A/C # 02	9,977,108	0.51
14	Asia Securities (Pvt) Ltd (Trading Account) & Nations Trust Bank Plc/Asia Securities (Pvt) Ltd (Trading Account)	9,322,880	0.47
15	DFCC Bank Plc A/C No. 02 & Dfcc Bank Plc A/C 01	6,930,120	0.35
16	Union Assurance Plc-Universal Life Fund	6,801,967	0.35
17	Ceylon Investment Plc A/C # 02	6,520,000	0.33
18	AFC Umbrella Fund – AFC Asia Frontier Fund	5,996,044	0.30
19	Invenco Capital Private Limited	5,114,819	0.26
20	National Savings Bank	4,897,842	0.25

Director's Shareholding	No. of shares	%
Visavanathamoorthy Govindasamy	36,660	0.00
Govindasamy Sathasivam	36,660	0.00
Shyam Govind Sathasivam	12,216	0.00
Sanjeev Shishoo	–	
Damian Amal Cabraal	–	
Sudarshan Jain	–	
Sivakrishnarajah Renganathan	–	
Tyeabally Akbarally	–	
Mohamed Reyaz Mihular	–	
Aruni Goonetilleke	–	
Aruna Deepthikumara	–	
Total	24,366,876	1.24

Shares not taken into Account to Compute Public Holding

Director's Shareholding	No. of shares	%
Lamurep Investments Limited Account No.01 & 04 and Commercial Bank Of Ceylon Plc/Lamurep Investments Limited	1,085,816,556	55.18
Ceylon Business Development Limited	43,663,504	2.22
Akbar Brothers Pvt Ltd A/C No 1	196,967,420	10.01
Director's Shareholding	24,366,876	1.24
Total	1,350,814,356	68.65

The Number of Shareholders as at 31 March 2025

	Residents			Non – Residents			Total		
Number of Shares held	No of Share holders	No. of Shares	%	No of Share holders	No.of Shares	%	No.of Share holders	No.of Shares	%
1 – 1,000	3,017	830,850	0.04	5	1,149	0.00	3,022	831,999	0.04
1,001 – 10,000	2,242	8,931,849	0.46	11	74,804	0.00	2,253	9,006,653	0.46
10,001 – 100,000	1,381	39,996,190	2.03	15	448,878	0.03	1,396	40,445,068	2.06
100,001 – 1,000,000	251	73,427,242	3.73	9	4,363,761	0.22	260	77,791,003	3.95
1,000,001 & Over	64	1,591,107,737	80.85	5	248,712,056	12.64	69	1,839,819,793	93.49
Total	6,955	1,714,293,868	87.11	45	253,600,648	12.89	7,000	1,967,894,516	100.00

Categories of Shareholders	31 March 2025 No.of Share holders	%	No.of shares	%
Individuals	6,855	97.93	184,228,713	9.36
Institutions	145	2.07	1,783,665,803	90.64
Total	7,000	100.00	1,967,894,516	100.00

Percentage of public holding as at 31 March 2025 was 31.35%	
Total No. of Shareholders	7,000
Total No. of shareholders who hold the Public Holding %	6,992
Total No. of shares issued	1,967,894,516
Market capitalisation of Rs.	42,309,732,094
Float adjusted market capitalisation of Rs.	13,264,101,011
In terms of the rule 7.13.1 (i) (a) of the Listing Rules if the Colombo Stock Exchange, the Company Qualifies under option One of the minimum public holding requirment	

01.01.2025 to 31.03.2025 (4QFY25)

Period	Date High	High (Rs.)	Date Low (Rs.)	Low (Rs.)	Close (Rs.)	Trade Volume	Share Volume	Turnover (Rs.)	Last Traded Date	Last Traded Price (Rs.)	Days Traded
1 Jan. 2025	2 Jan. 2025	100.75*	18 Mar. 2025	19.8	21.5	13717	40,422,035	1,979,394,455	28 Mar. 2025	21.5	51

* Figures indicated the results prior to the share subdivision.

01.04.2024 to 31.03.2025 (grouped yearly)

Period	Date High	High (Rs.)	Date Low (Rs.)	Low (Rs.)	Close (Rs.)	Trade Volume	Share Volume	Turnover (Rs.)	Last Traded Date	Days Traded
2025	2 Jan. 2025	100.75*	18 Mar. 2025	19.8	21.5	13717	40,422,035	1,979,394,455	28 Mar. 2025	51
2024	31 Dec. 2024	103*	12 Nov. 2024	55*	100*	17464	68,104,300	4,837,372,616	31 Dec. 2024	183

* Figures indicated the results prior to the share subdivision.

CORPORATE INFORMATION

Name of Company

Sunshine Holdings PLC

Legal Form

Public limited liability company (Incorporated in 1973 and listed in the Colombo Stock Exchange)

Date of Incorporation

16 June 1973

Registration Number

PQ13

Accounting Year End

31 March

Principal Activities

Managing portfolio of business through Management services

Registered Office

No. 60, Dharmapala Mawatha, Colombo 3

Directors

Mr Amal Cabraal
Mr V Govindasamy
Mr S G Sathasivam
Mr S Renganathan
Mr Reyaz Mihular
Mr Sanjeev Shishoo
Mr G Sathasivam
Mr Sudarshan Jain
Mr Tyeabally Akbarally
Ms Aruni Goonetilleke
Mr Aruna Deepthikumara
Mr Asite Talwatte
(Resigned w.e.f. 31 March 2025)

Secretaries

Corporate Services (Private) Limited
No. 216, De Saram Place,
Colombo 10
Phone: +94 11 460 5100

Auditors

KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3

Lawyers

F J & G de Saram
(Attorney-at-Law)
No. 216, De Saram Place,
Colombo 10

Nithya Partners
(Attorney-at-Law)
No. 97/A, Galle Road,
Colombo 3

D L & F De Saram
No. 47, C W W Kannangara Mawatha,
Alexandra Place
Colombo 7

Bankers of the Company

Hatton National Bank PLC
DFCC Bank
Indian Bank
National Development Bank PLC
Nations Trust Bank PLC
Standard Chartered Bank
Seylan Bank PLC
Commercial Bank of Ceylon PLC

Credit Ratings

The Company has been affirmed a national long-term rating of "AA+(lka); Outlook Stable" with Fitch Ratings Lanka Limited.

Website

www.sunshineholdings.lk

NOTICE OF MEETING

Notice is hereby given that the Fifty Second (52nd) Annual General Meeting ("AGM") of Sunshine Holdings PLC (the "Company") will be held online via a virtual platform on Friday, the 27th day of June 2025 at 09.00 am. and the business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors, together with the audited financial statements of the Company and Group, for the financial year ended 31 March 2025 and the report of the auditors thereon.
2. To declare a final cash dividend of LKR 0.60 per share as recommended by the Board of Directors.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr Govindasamy Sathasivam as a Director who has attained the age of seventy eight (78) years:

   "Ordinary Resolution

   IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies' Act No. 7 of 2007 ("Companies' Act") shall not apply to Mr Govindasamy Sathasivam, Director of the Company, who has attained the age of seventy eight (78) years and that he be re-appointed as a director of the Company."
4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr Sudarshan Jain as a Director who has attained the age of seventy (70) years:

   "Ordinary Resolution

   IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies' Act No. 7 of 2007 ("Companies' Act") shall not apply to Sudarshan Jain, Director of the Company, who has attained the age of seventy (70) years and that he be re-appointed as a director of the Company."
5. To propose the following resolution as an ordinary resolution in accordance with sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, to approve Mr Sudarshan Jain as nevertheless independent upon him attaining the age of seventy years:

   "Ordinary Resolution

   WHEREAS in keeping with sub clause (a) to Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee along with the justification and rationale had recommended to the board of directors of the Company ("the Board") to consider Mr Sudarshan Jain as nevertheless independent upon him attaining the age of seventy years on 6 June 2025;

   WHEREAS the Board having duly considered the said justification and rationale has confirmed the recommendation of the Nominations and Governance Committee to consider Mr. Sudarshan Jain as nevertheless independent upon him attaining the age of seventy years;

   Accordingly IT IS HEREBY RESOLVED THAT the recommendation of the Nominations and Governance Committee along with the justification and rationale and the confirmation of the board of directors of the Company to consider Mr Sudarshan Jain as nevertheless independent upon him attaining the age of seventy years, be approved.
6. To re-appoint Mr Sanjeev Shishoo director of the Company, who retires by rotation in terms of article 104 of the articles of association of the Company.
7. To re-appoint Mr Mohamed Reyaz Mihular, director of the Company, who retires by rotation in terms of article 104 of the articles of association of the Company.
8. To propose the following as a Special Resolution to amend the Articles of Association of the Company to be in line with the Listing Rules of the Colombo Stock Exchange:

"Special Resolution

WHEREAS;

a. the Listing Rules of the Colombo Stock Exchange require the Articles of Association ("AOA") of listed entities to have prescribed wording for certain provisions

b. one such provision is the article relating to joint holdings

c. the Company's AOA does not contain a part of such prescribed wording for joint holdings

IT IS THEREFORE HEREBY RESOLVED THAT Article 16 (iii) of the AOA of the Company be amended by the addition of the words (including the principal holder) between the words "joint-holders" and "of any" in the second line thereof, so that the said Article 16 (iii) shall read as follows;

"The Company shall not be bound to register more than three (3) persons as the joint-holders (including the principal holder) of any shares (except in the case of the executors or trustees of a deceased Shareholder). In the case of a share held jointly by several persons the Company shall not be bound to issue more than one (1) certificate therefor and delivery of a certificate to one (1) of such persons or his duly authorised representative shall be sufficient delivery to all."

9. To re-appoint M/s KPMG Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting to audit the financial statements of the Company for the year ending 31 March 2026 and to authorise the Directors to determine their remuneration therefor.

10. To authorise the Directors to determine the contributions to charities.

By order of the Board
Corporate Services (Private) Limited
Secretaries

3 June 2025
Colombo.

Note:
Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to kirana.jayawardena@sunshineholdings.lk or coroprateservices@coroprateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Meeting Guidelines

The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws.

(i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

(ii) If the Company is unable to post this Notice due to any situation beyond its control, then this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=SUN.N0000) and the website of the Company (https://www.sunshineholdings.lk/).

(iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (https://www.sunshineholdings.lk/) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to kirana.jayawardena@sunshineholdings.lk or corprateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

(iv) The shareholders who are unable to participate at the AGM via Zoom could send their queries, if any, to email address kirana.jayawardena@sunshineholdings.lk or corprateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

(v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

(vi) For any questions please contact Mr Kirana Jayawardena of Sunshine Holdings PLC on 0114702400 during office hours.

CIRCULAR TO SHAREHOLDERS

CIRCULAR TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC ("Company")
PQ 13

Dear Shareholder,

CIRCULATION OF ANNUAL REPORT TO SHAREHOLDERS

Rule No. 7.5 of the Listing Rules of the Colombo Stock Exchange ("CSE") permits a listed company to forward its Annual Report to its shareholders in a mode other than in printed form.

Accordingly, the Annual Report for the financial year ended 31 March 2025 of the Company can be downloaded from the CSE website on (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=SUN.N0000).

If you wish to receive a printed copy of the Annual Report for the year ended 31 March 2025, you may complete and forward the attached Form of Request to us on or before 19 June 2025. The Company will furnish a printed copy of the Annual Report to the shareholders requesting such printed copy within eight (8) market days from the date of receipt of the written request.

If you have any queries on this matter, please contact the following officer:

Name	:	Kirana Jayawardena
Email ID	:	Kirana.Jayawardena@sunshineholdings.lk
Telephone	:	0114 70 2400

Yours faithfully,
By order of the Board of Sunshine Holdings PLC

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries and Registrars

3 June 2025

FORM OF PROXY

*I/We ....

of ....

being a shareholder/shareholders of SUNSHINE HOLDINGS PLC do hereby appoint

1.	Mr D A Cabraal	or failing him,
2.	Mr V Govindasamy	or failing him,
3.	Mr G Sathasivam	or failing him,
4.	Mr S G Sathasivam	or failing him,
5.	Mr S Shishoo	or failing him,
6.	Mr S Jain	or failing him
7.	Ms A Goonetilleke	or failing her,
8.	Mr S Renganathan	or failing him,
9.	Mr T Akbarally	or failing him,
10.	Mr M R Mihular	or failing him,
11.	Mr A Deepthikumara	or failing him,

....

of ....

as my/our proxy to represent me/us and to speak and to vote on my/our behalf at the annual general meeting of the Company to be held on the Twenty Seventh (27th) day of June 2025 at 9.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against	Abstain
1.	To receive and consider the annual report of the board of Directors together with the audited Financial Statements of the Company and the Group for the year ended 31 March 2025 and the report of the auditors thereon.			
2.	To declare a final cash dividend of Rs. 0.60/- per share as recommended by the Board of Directors.			
3.	To re-appoint Mr G Sathasivam as a Director who has attained the age of seventy eight (78) years			
4.	To re-appoint Mr S Jain as a Director who has attained the age of seventy (70) years			
5.	To approve Mr S Jain as nevertheless independent upon him attaining the age of seventy (70) years			
6.	To re-appoint Mr S Shishoo as a Director who retires by rotation in terms of article 104 of the articles of association of the Company.			
7.	To re-appoint Mr M R Mihular as a Director who retires by rotation in terms of article 104 of the articles of association of the Company.			
8.	To pass a Special Resolution to amend the Articles of Association to be in line with the Listing Rules of Colombo Stock Exchange			
9.	To re-appoint KPMG (Chartered Accountants) until the conclusion of the next AGM of the Company to audit the financial statements of the Company for the year ending 31 March 2026 and to authorise the Directors to determine their remuneration therefor			
10.	To authorise the Directors to determine the contributions to charities.			

Signed this .... day of .... Two Thousand and Twenty Five

....

*Signature/s

Note : Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to kirana.jayawardena@sunshineholdings.lk or coroprateservices@coroprateservices.lk **not less than 48 hours before** the time appointed for the holding of the meeting.

sunshine

Bringing good things to life

60, Dharmapala Mawatha,
Colombo 03,
Sri Lanka.

+94 11 470 2400
info@sunshineholdings.lk

Follow us