



INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
30TH JUNE 2017

GROUP MANAGING DIRECTOR'S MESSAGE

Dear Shareholder,

The group reported impressive performance for the quarter ended 30th June 2017 with an increase of Rs. 132.7 million (32.5% YoY) in PAT.

The Group recorded consolidated revenue of Rs. 5.2 billion for the quarter, a growth of Rs. 579 million (12.5% growth YoY). Group revenue was driven by Agri, Healthcare, and FMCG sectors which contributed 38.0%, 37.0% and 21.8% respectively. Agri and FMCG sectors have performed above expectations in terms of revenue by Rs. 328.7 million (19.8% YoY) and Rs. 355.2 million (45.4% YoY) respectively. Energy sector performance was satisfactory with the generation of second power plant revenue with a sector revenue increase of Rs. 16.8 million (68.5% YoY). However, Healthcare sector has recorded a marginal decline in revenue by Rs. 22.6 million (-1.2% YoY).

The gross profit margin for the quarter was at 25.5% compared to the 26.1% in the same period, last year mainly attributable to contraction in GP margin in FMCG sector by 9.4%. However overall gross profit has improved by Rs. 119 million up by 9.9% compared to the Q1 2016/17. The Group EBIT closed at Rs. 670.3 million against Rs. 519.1 million recorded in the previous year, up by 29.1% as result of tight cost controls put in place in the quarter. The main contributor to the growth in Gross profit and EBIT was the Agri sector with gross profit of Rs. 501.2 million (43.0% growth YoY) and EBIT of Rs. 442.6 million (51.7% growth YoY).

The Healthcare sector revenue was below expectation with a slight decline of Rs. 22.6 million (-1.2%) to Rs. 1.93 billion. The gross profit margin of the sector was challenged during the quarter, recording decline of 0.4% to 24.4%. However, EBIT of the sector managed to increase marginally by Rs. 9.8 million (7.7% YoY) to Rs. 136.0 million, following cost rationalization. The Healthcare sector reported a marginal increase of Rs. 4.6 million (5.8% YoY) in PAT to Rs. 84.5 million.

The Agri sector performance has been commendable in the quarter. The revenue has notably increased by 19.8% to Rs. 1.99 billion and PAT increased by Rs. 138.4 million, a remarkable increase of 58.0% to Rs. 376.9 million. This was mainly attributable to turnaround in the tea segment and the sustained profitability in palm oil segment.

FMCG sector also recorded an outstanding revenue growth of 45.4%, to achieve a turnover of Rs. 1.14 billion which represented a growth in international trade of Rs. 18.3 million. Thus, EBIT has significantly increased by 45.3% to Rs. 69.2 million compared to Rs. 47.6 million in the same period previous year whilst the PAT increased by 22.5% to Rs. 51.0 million. These results were attributable to growth in domestic sales in branded tea segment.

Power sector revenue increased by Rs. 16.8 million or 68.5% to Rs. 41.4 million mainly due to the revenue generated from second hydropower project (Upper Waltrim) which commenced its operation in October 2016 resulting an increase in EBIT by 24.2% to report at Rs. 12.7 million compared to the Rs. 10.2 million in the same period previous year.

Consequent to the decision to close the packaging business, the scale of the operation has been curtailed. However during the quarter under review, it has reported a turnover of Rs. 35.6 million and a net loss of Rs. 20 million which was not comparable with the previous year, since operation has scaled down. The company is continuing to evaluate restructuring options and the deployment of its assets. A provision of Rs.20.0 million has been made in the Company for probable impairment of investment arising on accumulated loss of Sunshine Packaging Lanka Limited

Profits attributable to equity shareholders (PATMI) of Sunshine Holdings PLC increased significantly by Rs.17.9 million to stand at Rs. 224.4 million for Q1 2016/17. Further the EPS has appreciated from Rs. 1.53 to Rs. 1.66 compared to the same period previous year.

Your Group continues to enhance shareholder value by pursuing strategic investments and are on the lookout for strategic investments that fit our Group's long term interest.

Further details of the Groups Q1FY1718 performance are available in the company website.
(<http://www.sunshineholdings.lk/investor%20relations/index.php>)



V. Govindasamy
Group Managing Director
04th August 2017

SUNSHINE HOLDINGS PLC

STATEMENT OF COMPREHENSIVE INCOME - GROUP

| | Unaudited | | Change % | Audited |
|---|---------------------------------------|---------------------------------------|-------------|-------------------------------------|
| | Quarter ended 30th June 2017 Rs | Quarter ended 30th June 2016 Rs | | Year ended 31st March 2017 Rs |
| Revenue | 5,199,965,226 | 4,621,153,886 | 13 | 19,216,569,056 |
| Cost of sales | (3,874,721,392) | (3,415,366,049) | 13 | (14,389,192,537) |
| Gross profit | 1,325,243,834 | 1,205,787,837 | 10 | 4,827,376,519 |
| Other income | 83,585,709 | 17,513,046 | 374 | 240,085,334 |
| Administration expenses | (446,276,888) | (449,508,925) | (1) | (1,943,107,096) |
| Selling & distribution expenses | (292,246,435) | (254,682,758) | 15 | (1,026,716,542) |
| Results from operating activities | 670,306,220 | 519,109,200 | 29 | 2,097,638,215 |
| Finance income | 49,495,328 | 43,975,395 | 15 | 195,050,401 |
| Finance cost | (62,353,799) | (51,111,199) | 22 | (241,141,996) |
| Net finance cost | (12,858,471) | (7,135,804) | 66 | (46,091,595) |
| Share of profit of equity accounted investees | - | 352,343 | (100) | - |
| Profit before tax | 657,447,749 | 512,325,739 | 29 | 2,051,546,620 |
| Income tax expense | (116,592,272) | (104,170,584) | 12 | (430,325,906) |
| Profit for the period | 540,855,477 | 408,155,155 | 33 | 1,621,220,714 |
| Other comprehensive income | | | | |
| Fair value change in available for sales financial assets | - | - | - | 6,983,422 |
| Defined benefit plan actuarial gain/(loss) | - | - | - | 98,789,460 |
| Tax on other comprehensive income | - | - | - | (11,059,429) |
| Total other comprehensive income for the period | - | - | - | 94,713,453 |
| Total comprehensive income for the period | 540,855,477 | 408,155,155 | 33 | 1,715,934,167 |
| Profit attributable to: | | | | |
| Owners of the parent company | 224,423,759 | 206,540,839 | 9 | 572,258,446 |
| Non-controlling interest | 316,431,718 | 201,614,316 | 57 | 1,048,962,268 |
| Other comprehensive income attributable to: | | | | |
| Owners of the parent company | - | - | - | 33,761,141 |
| Non-controlling interest | - | - | - | 60,952,312 |
| Total comprehensive income for the period | 540,855,477 | 408,155,155 | 33 | 1,715,934,167 |
| Basic earnings per share from continuing operations | 1.66 | 1.53 | | 4.23 |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

| | Unaudited | | Change | Audited |
|---|---------------------------------|---------------------------------|-------------|-------------------------------|
| | Quarter ended 30th June 2017 | Quarter ended 30th June 2016 | | Year ended 31st March 2017 |
| | Rs | Rs | % | Rs |
| Revenue | 89,019,166 | 131,230,368 | (32) | 414,779,815 |
| Cost of sales | (6,193,600) | (34,541,321) | n/m | (153,907,783) |
| Gross profit | 82,825,566 | 96,689,047 | (14) | 260,872,032 |
| Other income | 70,346,425 | 40,947,407 | n/m | 149,419,482 |
| Administration expenses | (119,111,326) | (73,336,432) | 62 | (302,886,658) |
| Results from operating activities | 34,060,665 | 64,300,022 | (47) | 107,404,856 |
| Finance income | 21,874,646 | 19,992,821 | 9 | 85,731,746 |
| Finance cost | 298,544 | (152,773) | (295) | (2,335,771) |
| Net finance cost | 22,173,190 | 19,840,048 | 12 | 83,395,975 |
| Profit before tax | 56,233,855 | 84,140,070 | (33) | 190,800,831 |
| Income tax expense | - | - | | (342,692) |
| Profit for the period | 56,233,855 | 84,140,070 | (33) | 190,458,139 |
| Other comprehensive income | | | | |
| Fair value change in available for sales financial assets | | - | - | 6,983,422 |
| Defined benefit plan actuarial gain/(loss) | | | | (14,601) |
| Total other comprehensive income for the period | - | - | | 6,968,821 |
| Total comprehensive income for the period | 56,233,855 | 84,140,070 | (33) | 197,426,960 |
| Basic earnings per share from continuing operations | 0.42 | 0.62 | | 1.41 |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

STATEMENT OF FINANCIAL POSITION - GROUP

| | Unaudited As at 30th June 2017 Rs | Audited As at 31st March 2017 Rs |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 5,091,877,273 | 4,754,397,651 |
| Leasehold right to bare land | 196,953,001 | 198,473,000 |
| Biological assets | 3,745,216,175 | 3,629,026,000 |
| Intangible assets | 172,112,946 | 168,765,418 |
| Other investments | 648,950,245 | 636,733,332 |
| Investment for gratuity liability | 269,507,374 | 258,319,000 |
| Deferred tax assets | 73,539,747 | 75,590,768 |
| Total non-current assets | 10,198,156,761 | 9,721,305,169 |
| Current assets | | |
| Inventories | 3,411,804,196 | 3,141,301,725 |
| Biological assets-growing crops on bearer plants | 35,757,000 | 35,757,000 |
| Current tax assets | 13,835,222 | 14,631,908 |
| Trade & other receivables | 3,489,696,397 | 3,060,992,146 |
| Amounts due from related parties | 102,175,156 | 83,466,589 |
| Cash & cash equivalents | 2,097,614,115 | 1,876,004,662 |
| Total current assets | 9,150,882,086 | 8,212,154,030 |
| Total assets | 19,349,038,847 | 17,933,459,199 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Stated capital | 730,939,657 | 730,939,657 |
| Reserves | 331,838,036 | 331,838,036 |
| Retained earnings | 5,411,370,653 | 5,186,946,894 |
| Equity attributable to owners of the company | 6,474,148,346 | 6,249,724,587 |
| Non-controlling interests | 5,657,197,981 | 5,340,766,263 |
| Total equity | 12,131,346,327 | 11,590,490,850 |
| Non-current liabilities | | |
| Loans and borrowings | 1,358,964,905 | 1,226,846,031 |
| Employee benefits | 1,077,277,272 | 1,085,479,743 |
| Deferred income and capital grants | 191,017,739 | 193,528,000 |
| Deferred tax | 348,375,307 | 333,473,307 |
| Total non-current liabilities | 2,975,635,223 | 2,839,327,081 |
| Current liabilities | | |
| Bank overdraft | 899,899,875 | 711,424,579 |
| Current tax liabilities | 295,890,495 | 214,132,832 |
| Loans and borrowings | 419,685,652 | 357,644,252 |
| Trade and other payables | 2,622,239,659 | 2,220,439,605 |
| Amounts due to related parties | 4,341,616 | - |
| Total current liabilities | 4,242,057,297 | 3,503,641,268 |
| Total equity and liabilities | 19,349,038,847 | 17,933,459,199 |

Net asset value per share (Rs.)

47.91

46.25

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007. The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed on behalf of the Board


Chairman
04th August 2017
Colombo


Group Managing Director


Group Chief Financial Officer

Figures in brackets indicate deductions.
The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

STATEMENT OF FINANCIAL POSITION - COMPANY

| | Unaudited As at 30th June 2017 Rs | Audited As at 31st March 2017 Rs |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 5,865,596 | 5,901,315 |
| Intangible assets | 1,345,732 | 1,533,497 |
| Investment in subsidiaries | 1,356,794,223 | 1,376,748,442 |
| Other investments | 638,187,245 | 625,970,332 |
| Total non-current assets | 2,002,192,796 | 2,010,153,586 |
| Current assets | | |
| Current tax assets | 3,158,748 | 3,158,748 |
| Trade & other receivables | 107,865,190 | 45,161,397 |
| Amounts due from related parties | 222,009,541 | 191,996,509 |
| Cash & cash equivalents | 778,100,559 | 731,712,191 |
| Total current assets | 1,111,134,038 | 972,028,845 |
| Total assets | 3,113,326,834 | 2,982,182,431 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Stated capital | 730,939,657 | 730,939,657 |
| Reserves | 329,138,894 | 329,138,894 |
| Retained earnings | 1,910,638,899 | 1,854,405,044 |
| Equity attributable to owners of the company | 2,970,717,450 | 2,914,483,595 |
| Non-controlling interests | - | - |
| Total equity | 2,970,717,450 | 2,914,483,595 |
| Non current liabilities | | |
| Employee benefits | 54,341,724 | 51,881,378 |
| Total non-current liabilities | 54,341,724 | 51,881,378 |
| Current liabilities | | |
| Bank overdraft | - | - |
| Current tax liabilities | - | - |
| Trade and other payables | 88,267,660 | 15,817,458 |
| Amounts due to related parties | - | - |
| Total current liabilities | 88,267,660 | 15,817,458 |
| Total equity and liabilities | 3,113,326,834 | 2,982,182,431 |
| Net asset value per share (Rs.) | 21.98 | 21.57 |

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007. The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed on behalf of the Board


Chairman
04th August 2017
Colombo


Group Managing Director


Group Chief Financial Officer

Figures in brackets indicate deductions.
The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC
FOR THE THREE MONTHS ENDED 30TH JUNE 2017
STATEMENT OF CHANGES IN EQUITY - GROUP

| In Rupees | Attributable to owners of the company | | | | | | | |
|---|---------------------------------------|---------------------------|------------------|--|----------------------|----------------------|---------------------------------------|-----------------------|
| | Stated capital | Capital accretion reserve | General reserve | Fair value gain or loss reserve on AFS | Retained earnings | Total | Non-controlling shareholders interest | Total equity |
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| Balance as at 01st April 2016 | 730,939,657 | 399,837 | 857,888 | 323,596,889 | 4,725,795,249 | 5,781,589,520 | 4,168,557,293 | 9,950,146,813 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the three months | - | - | - | - | 206,540,839 | 206,540,839 | 201,614,316 | 408,155,155 |
| Total other comprehensive income for the three months | - | - | - | - | - | - | - | - |
| Total comprehensive income for the three months | - | - | - | - | 206,540,839 | 206,540,839 | 201,614,316 | 408,155,155 |
| Transactions with owners of the Company | | | | | | | | |
| Share issues | - | - | - | - | - | - | 292,000,000 | 292,000,000 |
| Effect on percentage change in holding of Energy Group | - | - | - | - | - | - | - | - |
| Dividend paid to owners for 2015/16 | - | - | - | - | - | - | - | - |
| Total contributions by and distributions to owners of the company | - | - | - | - | - | - | 292,000,000 | 292,000,000 |
| Balance as at 30th June 2016 | 730,939,657 | 399,837 | 857,888 | 323,596,889 | 4,932,336,088 | 5,988,130,359 | 4,662,171,609 | 10,650,301,968 |
| Total Comprehensive Income for the balance period | | | | | | | | |
| Profit for the nine months | - | - | - | - | 365,717,607 | 365,717,607 | 847,347,952 | 1,213,065,559 |
| Total other comprehensive income for the nine months | - | - | - | 6,983,422 | 26,777,719 | 33,761,141 | 60,952,312 | 94,713,453 |
| Total comprehensive income for the nine months | - | - | - | 6,983,422 | 392,495,326 | 399,478,748 | 908,300,264 | 1,307,779,012 |
| Capital accretion reserve transfer to general reserve | - | (399,837) | 399,837 | - | - | - | - | - |
| Transactions with owners of the company for the balance period | | | | | | | | |
| Share issues | - | - | - | - | - | - | 56,789,860 | 56,789,860 |
| Effect on percentage change in holding of Energy Group | - | - | - | - | 4,013,515 | 4,013,515 | (4,013,515) | - |
| Dividend payments to non-controlling shareholders | - | - | - | - | (141,898,035) | (141,898,035) | (282,481,955) | (424,379,990) |
| Total contributions by and distributions to owners of the company | - | - | - | - | (137,884,520) | (137,884,520) | (229,705,610) | (367,590,130) |
| Balance as at 31st March 2017 | 730,939,657 | - | 1,257,725 | 330,580,311 | 5,186,946,894 | 6,249,724,587 | 5,340,766,263 | 11,590,490,850 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the three months | - | - | - | - | 224,423,759 | 224,423,759 | 316,431,718 | 540,855,477 |
| Total other comprehensive income for the three months | - | - | - | - | - | - | - | - |
| Total comprehensive income for the three months | - | - | - | - | 224,423,759 | 224,423,759 | 316,431,718 | 540,855,477 |
| Share issues | - | - | - | - | - | - | - | - |
| Dividend paid to owners for 2016/17 | - | - | - | - | - | - | - | - |
| Dividend payments to non-controlling shareholders | - | - | - | - | - | - | - | - |
| Balance as at 30th June 2017 | 730,939,657 | - | 1,257,725 | 330,580,311 | 5,411,370,653 | 6,474,148,346 | 5,657,197,981 | 12,131,346,327 |

Figures in brackets indicate deductions.
The above figures are provisional and subject to audit

Interim Financial Statements

SUNSHINE HOLDINGS PLC

FOR THE THREE MONTHS ENDED 30TH JUNE 2017

STATEMENT OF CHANGES IN EQUITY - COMPANY

| | Stated capital | Fair value gain or loss reserve on AFS | Capital accretion reserve | General reserve | Retained Profit | Total |
|--|--------------------|---|---------------------------------|--------------------|----------------------|----------------------|
| Balance as at 01st April 2016 | 730,939,657 | 320,897,747 | 399,837 | 857,888 | 1,805,859,541 | 2,858,954,670 |
| Total comprehensive income for the period | | | | | | |
| Profit for the three months | - | - | - | - | 84,140,070 | 84,140,070 |
| Total other comprehensive income for the three months | - | - | - | - | - | - |
| Total comprehensive income for the three months | - | - | - | - | 84,140,070 | 84,140,070 |
| Capital accretion reserve transfer to general reserve | | | | | | |
| Transactions with owners of the company | | | | | | |
| Dividend paid to owners for 2015/16 | - | - | - | - | - | - |
| Balance as at 30th June 2016 | 730,939,657 | 320,897,747 | 399,837 | 857,888 | 1,889,999,611 | 2,943,094,740 |
| Total comprehensive income for the balance period | | | | | | |
| Profit for the nine months | - | - | - | - | 106,318,069 | 106,318,069 |
| Total other comprehensive income for the nine months | - | 6,983,422 | - | - | (14,601) | 6,968,821 |
| Total comprehensive income for the nine months | - | 6,983,422 | - | - | 106,303,468 | 113,286,890 |
| Capital accretion reserve transfer to general reserve | - | - | (399,837) | 399,837 | - | - |
| Transactions with owners of the company | | | | | | |
| Dividend paid to owners for 2015/16 | - | - | - | - | (141,898,035) | (141,898,035) |
| Total | - | - | - | - | (141,898,035) | (141,898,035) |
| Balance as at 31st March 2017 | 730,939,657 | 327,881,169 | - | 1,257,725 | 1,854,405,044 | 2,914,483,595 |
| Total comprehensive income for the period | | | | | | |
| Profit for the three months | - | - | - | - | 56,233,855 | 56,233,855 |
| Total other comprehensive income for the three months | - | - | - | - | - | - |
| Total comprehensive income for the three months | - | - | - | - | 56,233,855 | 56,233,855 |
| Dividend paid to owners for 2016/17 | - | - | - | - | - | - |
| Balance as at 30th June 2017 | 730,939,657 | 327,881,169 | - | 1,257,725 | 1,910,638,899 | 2,970,717,450 |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

STATEMENT OF CASH FLOW - GROUP

| | Unaudited Quarter ended 30th June 2017 Rs | Unaudited Quarter ended 30th June 2016 Rs | Audited Year ended 31st March 2017 Rs |
|---|--|--|--|
| Profit before income tax | 657,447,749 | 512,325,739 | 2,051,546,620 |
| Adjustments for: | | | |
| Interest income | (49,495,328) | (43,975,395) | (195,050,401) |
| Dividend income | - | | - |
| Profit/(loss) of equity investee | | (352,333) | |
| Profit on sale of property, plant & equipment | (18,291,734) | (1,460,582) | (19,842,013) |
| Gain/(loss) on fair value of biological assets | - | - | (6,161,000) |
| Interest expense | 62,353,799 | 51,111,199 | 241,141,996 |
| Depreciation & amortization | 152,822,746 | 130,946,633 | 554,411,291 |
| (Profit)/ loss on disposal of investments | | | 1,085,114 |
| Biological assets-growing crops on bearer plants | | | (35,757,000) |
| Fair value gain in quoted shares | (11,852,743) | 3,633,211 | 9,113,674 |
| Provision / (reversal) for bad and doubtful debts | 626,752 | - | 1,271,972 |
| Provision for inventories | 16,510,634 | | |
| Amortization of deferred income & capital grants | (2,510,261) | (3,802,261) | (10,041,000) |
| Amortization of leasehold rights | 1,519,999 | 1,758,678 | 7,035,000 |
| Profit on sale of consumable biological assets | (6,657,000) | | (20,320,000) |
| Movement in livestock | - | - | 2,591,000 |
| Provision for gratuity excluding actuarial gain/(loss) | 28,409,572 | 26,119,001 | 206,880,210 |
| Operating profit before working capital changes | 830,884,185 | 676,303,890 | 2,787,905,463 |
| (Increase)/decrease in inventories | (287,013,105) | (106,072,424) | (249,128,686) |
| (Increase)/decrease in trade and other receivables | (429,331,003) | (484,826,989) | (684,549,078) |
| (Increase)/decrease in amounts due from related parties | (18,708,567) | (61,614,418) | 495,733 |
| Increase/(decrease) in trade and other payables | 401,800,054 | 66,048,156 | (64,263,042) |
| Increase/(decrease) in amounts due to related parties | 4,341,616 | 1,201,933 | (1,377,033) |
| Cash generated from/ (used in) operations | 501,973,180 | 91,040,148 | 1,789,083,357 |
| Interest paid | (62,353,799) | (51,111,199) | (241,141,996) |
| Income tax paid | (17,084,903) | (58,669,155) | (280,902,593) |
| Gratuity paid | (36,612,043) | (35,665,721) | (149,790,009) |
| Net cash / (used in) operating activities | 385,922,435 | (54,405,927) | 1,117,248,759 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 49,495,328 | 43,975,395 | 195,050,401 |
| (Investments)/ disposal in other investments | (364,171) | 25,355,132 | 658,001,450 |
| (Investments)/ disposal in short term investments | | 22,674,204 | |
| Investments in gratuity fund | (11,188,374) | (5,331,556) | (23,950,000) |
| Immature plantations expenditure | (62,919,290) | (69,427,456) | (350,708,000) |
| Investment in livestock | (97,385,384) | | |
| Acquisition of property, plant & equipment | (456,024,617) | (173,092,763) | (1,199,366,160) |
| Acquisition of intangible assets | (7,455,033) | (20,519,218) | (109,537,315) |
| Proceeds from disposal of investments | - | - | |
| Proceeds from disposal of property, plant & equipment | 38,892,988 | 1,504,087 | 69,688,898 |
| Net Cash used in investing activities | (546,948,553) | (174,862,175) | (760,820,726) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from shares issued by subsidiary to NCI | - | 292,000,000 | 348,789,860 |
| Receipts of interest bearing borrowings | 260,277,962 | 160,119,831 | 474,783,208 |
| Repayment of interest bearing borrowings | (62,940,053) | (151,697,895) | (620,577,585) |
| Lease rentals paid | (3,177,634) | (2,675,761) | (12,382,244) |
| Dividend paid | - | - | (141,898,035) |
| Payment to non controlling interest shareholders | - | - | (282,481,955) |
| Net cash from / (used in) financing activities | 194,160,275 | 297,746,175 | (233,766,751) |
| Net increase/(decrease) in cash and cash equivalents | 33,134,157 | 68,478,073 | 122,661,282 |
| Cash and cash equivalents at the beginning of the period | 1,164,580,083 | 1,041,918,801 | 1,041,918,801 |
| Cash and cash equivalents at the end of the period | 1,197,714,240 | 1,110,396,874 | 1,164,580,083 |
| Cash and cash equivalents | | | |
| Cash in hand & bank | 2,097,614,115 | 1,574,734,639 | 1,876,004,662 |
| Bank overdraft | (899,899,875) | (464,337,765) | (711,424,579) |
| | 1,197,714,240 | 1,110,396,874 | 1,164,580,083 |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Interim Financial Statements

SUNSHINE HOLDINGS PLC

STATEMENT OF CASH FLOW - COMPANY

| | Unaudited Quarter ended 30th June 2017 Rs | Unaudited Quarter ended 30th June 2016 Rs | Audited Year ended 31st March 2017 Rs |
|---|--|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before income tax | 56,233,855 | 84,140,070 | 190,800,831 |
| Adjustments for; | | | |
| Interest income | (21,874,646) | (19,992,821) | (85,731,746) |
| Interest expense | (298,544) | 152,773 | 2,335,771 |
| Fair value gain in quoted shares | (11,852,743) | 3,633,211 | 9,113,674 |
| Depreciation | 806,213 | 673,137 | 2,938,950 |
| Profit on sale of property, plant & equipment | - | - | - |
| (Profit)/ loss on disposal of investments | - | 10 | 920,612 |
| Impairment of investment | 19,954,219 | - | 21,842,817 |
| Provision for gratuity | 2,631,197 | 1,800,000 | 8,668,251 |
| Operating profit before working capital changes | 45,599,551 | 70,406,380 | 150,889,160 |
| (Increase)/decrease in trade and other receivables | (62,703,793) | (38,973,392) | (6,987,089) |
| (Increase)/decrease in amounts due from related parties | (30,013,032) | (45,093,095) | 16,408,410 |
| Increase/(decrease) in trade and other payables | 72,450,202 | 11,542,740 | 4,082,397 |
| Increase/(decrease) in amounts due to related parties | - | (1,360,405) | (1,360,403) |
| Cash generated from/ (used in) operations | 25,332,928 | (3,477,772) | 163,032,475 |
| Interest paid | 298,544 | (152,773) | (2,335,771) |
| Income tax paid | - | - | (938,743) |
| Employee benefits paid | (170,850) | - | - |
| Net cash / (used in) operating activities | 25,460,622 | (3,630,545) | 159,757,961 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Interest received | 21,874,646 | 19,992,821 | 85,731,746 |
| Investments in subsidiaries | - | (199,999,900) | (357,219,280) |
| (Investments)/ disposal in other investments | (364,171) | 25,355,137 | 93,404,450 |
| Acquisition of intangible assets | - | (90,000) | - |
| Proceed from disposal of property, plant & equipment | - | - | (90,000) |
| Acquisition of property, plant & equipment | (582,729) | (688,335) | (2,014,095) |
| Net cash used in investing activities | 20,927,746 | (155,430,277) | (180,187,179) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividend paid | - | - | (141,898,035) |
| Net cash from / (used in) financing activities | - | - | (141,898,035) |
| Net increase/(decrease) in cash and cash equivalents | 46,388,368 | (159,060,822) | (162,327,253) |
| Cash and cash equivalents at the beginning of the period | 731,712,191 | 894,039,444 | 894,039,444 |
| Cash and cash equivalents at the end of the period | 778,100,559 | 734,978,622 | 731,712,191 |
| Cash and cash equivalents | | | |
| Cash in hand & bank | 778,100,559 | 742,836,319 | 731,712,191 |
| Bank overdraft | - | (7,857,697) | - |
| | 778,100,559 | 734,978,622 | 731,712,191 |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

SEGMENTAL ANALYSIS FOR THE THREE MONTHS ENDED 30TH JUNE

| | Investment | | Healthcare | | Agri | | Consumer Goods | | Energy | | Packaging | | Management Services | | Intragroup | | Group | | | |
|-----------------------------------|-------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------|-------------------|---------------------|--------------------|---------------------|---------------------|---------------------|----------------------|----------------------|------|-----|------|
| | Rs. | 2017 | Rs. | 2016 | Rs. | 2017 | Rs. | 2016 | Rs. | 2017 | Rs. | 2016 | Rs. | 2017 | Rs. | 2016 | Rs. | 2017 | Rs. | 2016 |
| REVENUE | 89,019,166 | 131,230,368 | 1,934,588,389 | 1,957,234,191 | 1,988,051,343 | 1,659,338,723 | 1,138,287,460 | 783,050,674 | 41,424,531 | 24,586,750 | 35,594,337 | 102,141,175 | - | (27,000,000) | (36,427,995) | 5,199,965,226 | 4,621,153,886 | | | |
| RESULT | | | | | | | | | | | | | | | | | | | | |
| Profit from operating activities | 34,060,665 | 64,300,022 | 135,975,798 | 126,203,958 | 442,611,497 | 291,703,452 | 69,214,107 | 47,628,860 | 12,693,294 | 10,223,527 | (16,206,547) | 16,065,907 | (1,171,334) | 66,515,145 | (103,531,671) | 670,306,220 | 519,109,200 | | | |
| Net finance cost | 22,173,190 | 19,840,048 | (7,512,980) | (8,154,413) | (5,717,343) | (10,220,903) | (9,204,333) | 3,566,106 | (10,039,616) | (3,239,130) | (3,747,671) | (6,248,804) | 1,190,282 | (2,678,708) | - | (12,866,471) | (7,135,804) | | | |
| Share of equity investee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 352,343 | - | 352,343 | - | | |
| Income tax expense | - | - | (43,919,807) | (38,117,217) | (59,999,897) | (42,970,000) | (8,995,262) | (9,539,813) | - | (1,546,244) | - | (3,000,000) | (11,573,556) | (423,754) | (116,592,272) | (104,170,584) | | | | |
| Profit for the year | 56,233,855 | 84,140,070 | 84,543,011 | 79,932,328 | 376,894,257 | 238,512,549 | 51,014,512 | 41,655,153 | 2,653,678 | 6,984,397 | (19,954,218) | 8,270,859 | (658,358) | 63,412,683 | (9,871,260) | 540,855,477 | 408,155,155 | | | |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | 56,233,855 | 84,140,070 | 84,543,011 | 79,932,328 | 376,894,257 | 238,512,549 | 51,014,512 | 41,655,153 | 2,653,678 | 6,984,397 | (19,954,218) | 8,270,859 | (658,358) | 63,412,683 | (9,871,260) | 540,855,477 | 408,155,155 | | | |

OTHER INFORMATION

| | | | | | | | | | | | | | | | | | | | | |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|---------------|---------------|-----------------|-----------------|----------------|----------------|--|--|
| Segment assets | 3,113,326,834 | 3,019,824,818 | 4,363,136,595 | 4,129,736,830 | 9,782,475,747 | 8,338,540,469 | 1,646,670,701 | 1,035,203,055 | 1,385,997,152 | 1,238,282,663 | 563,294,942 | 617,094,284 | 2,006,608,264 | 2,025,474,011 | (3,512,471,398) | (3,435,978,188) | 19,349,039,847 | 16,968,179,942 | | |
| Equity & reserves | 2,970,717,450 | 2,943,094,741 | 2,319,985,093 | 2,140,701,995 | 6,225,861,918 | 5,310,562,549 | 882,348,874 | 793,363,856 | 583,319,020 | 488,942,125 | 314,703,036 | 339,093,867 | 1,930,572,809 | 1,836,632,518 | (3,096,161,873) | (3,182,089,682) | 12,131,346,327 | 10,650,301,969 | | |
| Total liabilities | 142,609,384 | 76,730,077 | 2,043,151,502 | 1,989,036,835 | 3,556,613,829 | 3,027,977,920 | 764,321,827 | 241,839,199 | 802,678,132 | 769,340,538 | 248,591,906 | 276,000,417 | 76,035,455 | 188,841,493 | (416,309,515) | (253,888,506) | 7,217,692,520 | 6,317,877,973 | | |
| Depreciation | 806,213 | 673,137 | 28,428,395 | 21,575,098 | 87,877,891 | 80,966,435 | 15,221,005 | 15,973,366 | 16,570,917 | 7,782,845 | 4,092,845 | 4,150,272 | - | - | (174,520) | (174,520) | 152,822,746 | 130,946,633 | | |
| Capital expenditure | 582,729 | 778,335 | 5,612,573 | 14,899,359 | 597,506,804 | 157,857,297 | 5,281,022 | 11,650,962 | 14,801,196 | 77,056,096 | - | 797,388 | - | - | - | - | 623,784,324 | 263,039,437 | | |

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

SUNSHINE HOLDINGS PLC

1 Corporate information

Sunshine Holdings PLC (the "Company") is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office is no. 60, Dharmapala Mawatha, Colombo 03.

The Group is primarily involved in the importing and selling of pharmaceuticals, managing portfolio of investments, cultivation and marketing of tea, rubber, palm oil and related products, manufacturing and selling of food and tea cans and generation of power.

2 Interim consolidated financial statements

The Interim Financial Statements for the three months ended 30th June 2017, includes the "Company" referring to Sunshine Holdings PLC as the holding Company and the "Group" comprise the Company and subsidiary companies of Sunshine Healthcare Lanka Limited and its subsidiaries, Sunshine Packaging Lanka Limited, Sunshine Energy (Pvt) Limited and its subsidiaries, Estate Management Services (Pvt) Limited, Watawala Plantations PLC and its subsidiaries, and Watawala Tea Ceylon Limited.

3 Approval of financial statements

The Interim Financial Statements of the Group and the Company for the three months ended 30th June 2017, were authorised for issue by the Board of Directors on 04th August 2017.

4 Basis of preparation

The Interim Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards with effect from 01st January 2014 (SLFRS/LKAS). There were no changes to the accounting policies and methods of computation since the publication of the Annual Report 2016/17. Further, these Financial Statements have been prepared in compliance with the requirement of the Sri Lanka Accounting Standard - LKAS 34 on "Interim Financial Reporting". Previous period figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

5 Significant Accounting Policies

5.1 Basis of consolidation

Subsidiaries are those entities controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes in to consideration that substantive rights that give the ability to direct the activities of the subsidiaries.

"The Financial Statements of the subsidiaries are included in the Consolidated Financial Statements from the date the control effectively commences until the date that control effectively ceases. Non- controlling interest is measured at the proportionate share of the acquiree's identifiable net assets. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction."

5.2 Property, Plant & Equipment

5.2.1 Recognition and measurement

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses if any, whilst land is measured at fair value.

5.2.2 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 income statement and gains are not classified as revenue. When re-valued assets are sold, any related amount included in the revaluation reserve is transferred to Retained Earnings.

5.2.3 Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment.

5.2.4 Biological assets

The Group recognise the biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and fair value or cost of the assets can be measured reliably.

Bearer biological assets

Tea, rubber, oil palm, caliandra, sundry crops and nurseries are classified as bearer biological assets. The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of Sri Lanka Accounting Standard LKAS 16 - Property Plant and Equipment as per the ruling issued by Institute of Chartered Accountants of Sri Lanka.

Consumable biological assets

Timber plantation is classified as consumable biological assets and is measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. The fair value of trees younger than five years cannot be reliably estimated and are carried at cost less impairment. The cost includes direct material, direct labour and appropriate proportion of directly attributable overheads. Gains or losses arising on initial recognition of timber plantations at fair values less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in profit or loss for the period in which they arise. All costs incurred in maintaining the assets are included in Profit or Loss for the period in which they arise.

Livestock

Livestock is measured at their fair value less estimated point of sale costs. Changes in fair value of livestock are recognised in the income statement.

5.3 Investments in subsidiaries

Quoted and unquoted investments in shares held on long term basis by the Company and Group are stated at cost less provision for diminution in value of investments.

5.4 Other long term investments

Unquoted investments in shares held on long-term basis are stated at fair value at the financial position date.

SUNSHINE HOLDINGS PLC

5.5 Inventories

Inventories other than produce stock and nurseries are stated at the lower of cost or net realisable value, after making due allowances for obsolete and slow moving items. The Group uses weighted average cost formula and actual cost 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.

5.6 Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

a) Dividend income

Sunshine Holdings PLC's revenue comprises net dividends received from Group Companies and other equity investments. Dividend income is recognised in income statement on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

b) Perennial crops

Revenue from perennial crops are recognised in the year of harvesting. Revenue comprises of invoiced value of sales, net of brokerage, public sale expenses, and other levies related to turnover.

Sale of tea at auction

As per the Tea By-Laws and conditions issued by the Ceylon Tea Traders' Association (Section 17), the highest bidder (buyer) is accepted and a sale is completed at the fall of the hammer. The sale is recorded at the price and quantity agreed upon and raise the sale note.

Sale of rubber at auction

As per the Rubber By-Laws and conditions issued by the Colombo Rubber Traders' Association, the highest bidder (buyer) is accepted and a sale is completed at the fall of the hammer. The sale is recorded at the price and quantity agreed upon and raising the sale note.

Sale of palm oil

The revenue is recognised on invoicing and oil is ready for delivery.

Income from sale of trees

Revenue from the sale of timber/trees is recognised at the point that the legal ownership, risk of loss and the rewards have passed to the purchaser and the quantity sold is determinable.

Income from livestock

Revenue from the sale of livestock is measured at the fair value of the consideration received or receivable. Any increase or decrease in the fair value of livestock is recognised as revenue in the income statement under profit or loss.

c) Wholesale and retail revenue is recognized on an accrual basis at the point of invoicing

6 Comparatives

The presentation and classification of the Financial Statements of the previous periods have been amended, where relevant, for better presentation and to be comparable with those of the current period.

7 The board of Sunshine Packaging Lanka Ltd, a fully owned subsidiary of Sunshine Holdings PLC, is considering the cessation of manufacturing operations by 31st August 2017. The company is continuing to evaluate restructuring options and the deployment of its assets. Further, a provision of Rs.20.0 million has been made in the Company for probable impairment of investment.

8 Events after the reporting date

Company has declared a dividend of Rs. 1.75 per share(cash dividend of Rs. 1.25 and scrip dividend of Rs. 0.50) on ordinary shares amounting to Rs. 236,496,726/- for the year ended 31st March 2017. (2016 - Rs. 141,898,035/-) at the Annual General Meeting held on 29th June 2017 and paid on 10th July 2017.

Except above, no circumstance has arisen since the reporting date which would require adjustment to or disclosure in the financial statements.

9 Stated Capital is represented by shares in issue as given below:

| No. of Shares as at | 30th June 2017 | 31st March 2017 | 30th June 2016 |
|---------------------|----------------|-----------------|----------------|
| Ordinary Shares | 135,140,986 | 135,140,986 | 135,140,986 |

10 Dividend

| | Year ended 31st March | | |
|----------------------------|-----------------------|-------------|-------------|
| | 2017 | 2016 | 2015 |
| Dividend paid (Rs) | 168,926,233 | 141,898,035 | 128,383,937 |
| No of ordinary shares | 135,140,986 | 135,140,986 | 135,140,986 |
| Dividend per share (cash) | 1.25 | 1.05 | 0.95 |
| Dividend per share (scrip) | 0.50 | - | - |

11 Commitments & Contingencies

There has not been significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31st March 2017.

12 Net Assets per share

Net assets per share has been calculated, for all periods, based on the number of shares issued as at the reporting date.

13 The interim Financial Statements are not audited.

SUNSHINE HOLDINGS PLC

SHAREHOLDER INFORMATION

| Market Price per share | Three months ended | Three months ended | Audited |
|------------------------|--------------------|--------------------|-------------------------------|
| | 30th June 2017 | 30th June 2016 | Year ended 31st March 2017 |
| | Rs. | Rs. | Rs. |
| Highest price | 64.90 | 54.30 | 58.80 |
| Lowest price | 46.10 | 49.00 | 45.00 |
| Last traded price | 60.99 | 50.00 | 46.10 |

TWENTY (20) LARGEST SHAREHOLDERS AS AT

| Name | 30th June 2017 | | 31st March 2017 | |
|--|--------------------|----------------|--------------------|----------------|
| | No of Shares Held | % | No of Shares Held | % |
| Lamurep Investments Limited | 66,676,703 | 49.34% | 43,408,220 | 32.12% |
| Deepcar Limited | 25,600,000 | 18.94% | 25,600,000 | 18.94% |
| SBI Ven Holdings Pte Limited | 14,850,000 | 10.99% | 14,850,000 | 10.99% |
| Sampath Bank/Dr. T. Senthilvel | 13,501,605 | 9.99% | 15,501,605 | 11.47% |
| Ceylon Property Development Limited | 3,000,000 | 2.22% | 3,000,000 | 2.22% |
| J.B. Cocoshell (Pvt) Limited | 2,289,766 | 1.69% | 250,000 | 0.18% |
| GF Capital Global Limited | 1,561,540 | 1.16% | 1,561,540 | 1.16% |
| Hatton National Bank PLC A/C No 05 | 669,661 | 0.50% | 669,661 | 0.50% |
| Nuwara Eliya Property Developers (pvt) Ltd | 575,261 | 0.43% | 575,261 | 0.43% |
| Deutsche Bank AG as Trustee to Candor Opportunitie | 550,000 | 0.41% | 550,000 | 0.41% |
| Mr.V.Govindasamy | 443,330 | 0.33% | 443,330 | 0.33% |
| Pershing LLC S/A Aerbach Grauson & Co | 322,286 | 0.24% | 322,286 | 0.24% |
| Cocoshell Activated Carbon Company Limited | 285,699 | 0.21% | - | 0.00% |
| Deutsche Bank AG Singapore Branch | 258,968 | 0.19% | - | 0.00% |
| Mr. R. Maheswaran | 250,000 | 0.18% | 250,000 | 0.18% |
| Miss A. Radhakrishnan | 250,000 | 0.18% | 250,000 | 0.18% |
| Miss M.P. Radhakrinan | 250,000 | 0.18% | 250,000 | 0.18% |
| E.W. Balasuriya & Co. (Pvt) Limited | 183,139 | 0.14% | 183,139 | 0.14% |
| Life Insurance Corporation (Lanka) Ltd | 125,000 | 0.09% | - | 0.00% |
| Mr. W.D.P.L. Vithanage | 114,703 | 0.08% | 114,703 | 0.08% |
| Sub Total | 131,757,661 | 97.50% | 107,779,745 | 79.75% |
| Others | 3,383,325 | 2.50% | 27,361,241 | 20.25% |
| Total | 135,140,986 | 100.00% | 135,140,986 | 100.00% |

PUBLIC SHARE HOLDING

| | As at 30th June 2017 | As at 31st March 2017 |
|--|-------------------------|--------------------------|
| The percentage of shares held by the public | 48.07% | 7.01% |
| Number of shareholders representing public holding | 1,341 | 1,376 |

The number of shares held by the Board of Directors are as follows:

| | As at 30th June 2017 | As at 31st March 2017 |
|--|-------------------------|--------------------------|
| Mr.V.Govindasamy - Group Managing Director | 443,330 | 443,330 |
| Mr.G.Sathasivam | 3,000 | 1,000 |
| Mr.S.G.Sathasivam | 1,000 | 1,000 |
| Mr.B.A.Hulangamuwa | 56,955 | 56,955 |
| Mr. A.Talwatte | 1,000 | 1,000 |

SUNSHINE HOLDINGS PLC

CORPORATE INFORMATION

Name of Company

Sunshine Holdings PLC

Legal Form

Public Limited Liability Company
(Incorporated in 1973 and listed in the
Colombo Stock Exchange)

Company Registration Number

PQ13

Principal Activities

Holding Company, carrying out investment in subsidiaries

Registered Office

No. 60, Dharmapala Mawatha, Colombo 03

Directors

Mr. Munir Shaikh- (Chairman)
Mr. G. Sathasivam
Mr. V. Govindasamy -(Group Managing Director)
Mr. B.A. Hulangamuwa
Mr. N.B. Weerasekera
Mr. S.G. Sathasivam
Mr. Harsha Abeywickrama
Ms. R. Kobbekaduwa
Mr. A. Talwatte
Mr. Amal Cabraal

Secretaries

Corporate Services (Private) Limited
No. 216, De Seram Place,
Colombo 10
Tel: 011 4 605 100

Auditors

KPMG
Chartered Accountants
32A, Sri Mohamed Macan Marker Mawatha,
Colombo 03

Lawyers

F J & G de Saram (Attorney- at -Law)
No.216, de Saram Place
Colombo 10

Nithya Partners
Attorneys-at-Law
No. 97/A, Galle Road
Colombo 03

Bankers

Hatton National Bank PLC
National Development Bank PLC
MCB Bank Limited

Credit Ratings

The Company has been assigned a national long-term rating of 'A(Ika)' with stable outlook by Fitch Ratings Lanka Limited