

# RESPONSIBILITY FOR THE REPORT

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present this 46th 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 2019 and the Independent Auditors' Report on page 92 conforming to all relevant statutory requirements. The details set out here provide pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange (CSE) Listing Rules and are guided by recommended best practice.

This Annual Report reflects the character of Sunshine Holdings, structured as it is, based on the Company's Mission and Values which are given on page 63.

## LEGAL FORM

Sunshine Holdings was incorporated on 16 June 1973 as a limited liability company to engage in the travel business under the name of Sunshine Travels Ltd., and subsequently converted to a public limited liability company. Sunshine Holdings is the Group's holding company. The principal activities of the Company and the Group during the year are given on page 107.

## REVIEW OF PERFORMANCE

The financial and operational performance and outlook of the Company and the Group and its business units are described in the Company Profile on page 6, the Group Managing Director's Review on page 14 and Our Plans on page 73. This, together with the Audited Financial Statements, reflects the state of affairs of the Company and the Group. Segment-wise contribution to Group revenue, results, assets and liabilities is given in Note 8 to the Financial Statements.

## FINANCIAL STATEMENTS

In terms of Sections 150 (1), 151, 152 and 153 (1) & (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 96 to 204 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 2019, including comparatives for 2017/18, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2019. 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.

## DIRECTORS

The Directors of the Company, as at 31 March 2019, and their brief profiles are given on page 20. The names of all the Directors who held office anytime during the reporting year are given on page 20. The names of Directors who will retire and those who will seek re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of Meeting on page 230.

## DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS

Except as stated in Note 42 to the Financial Statements, during and at the end of the financial year 2018/19, 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

The details of shares held by the Directors as at the end of the current and the previous financial year are as follows:

	2019	2018
Mr G Sathasivam	3,055	3,030
Mr V Govindasamy	451,500	447,763
Mr S G Sathasivam	1,018	1,010
Mr A D B Talwatte	1,018	1,010
Mr B A Hulangamuwa	58,004	57,524

Messrs M A Shaikh, H D Abeywickrama, D A Cabraal, S Shishoo and Y Kitao did not hold shares of the Company.

## DIVIDEND

The Directors recommend that a final cash dividend of Rs. 186,942,628.75 equivalent to Rs. 1.25 per ordinary share (2017/18 Rs. 204,738,420 equivalent to cash dividend of Rs. 1.00 and scrip dividend of Rs. 0.50 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 dividend as recommended.

## EXTERNAL AUDITORS

The External Auditors, Messrs KPMG, who were appointed in accordance with a resolution passed at the 45th AGM, have expressed their opinion on pages 92 to 95 Details of their remuneration are given in Note 11 on page 120 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.

## 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.

## DONATIONS

The Company has not made donations during the year 2018/19.

## 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 the going concern basis.

## 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 which 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.

## 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 2019, are given in Note 42 to the Financial Statements on page 198 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. Measures taken to protect the environment are given under Safeguarding Our Natural Capital from page 51.



Mr Munir Shaikh  
Chairman



Mr G Sathasivam  
Director



Mr V Govindasamy  
Group Managing  
Director



Mr A D B Talwatte  
Director



Mr B A Hulangamuwa  
Director



Mr S G Sathasivam  
Director



Mr H D Abeywickrama  
Director



Mr S Shishoo  
Director



Mr D A Cabraal  
Director



Mr Y Kitao  
Director



Mr S Dias  
Alternate Director

## 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. Details of the Group's human resource initiatives begin at boosting employee engagement from page 35.

## ANNUAL GENERAL MEETING

Please refer the notice of meeting that appears on page 230 of this Annual Report.

## DIRECTORS' CORPORATE GOVERNANCE DECLARATION

The Directors declare that:

- the Company complied with all applicable laws and regulations in conducting its business;
- they have declared all material interests in contracts involving the Company and the Group and 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 with supporting assumptions or qualifications as necessary; and that
- they have conducted a review of internal controls covering financial, operational, and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence therewith.

Signed in accordance with the resolution of the Directors.