


PRINTCARE



“Printcare recognised as the Top Printing Company in Sri Lanka for the Fourth Consecutive Year at the NBEA Awards”

Page 24



“Printcare now serves over 40 countries worldwide”

Page 25

“Printcare achieves Gold classification and ranks 10th in Corporate Accountability Index”

Page 24

CORPORATE INFORMATION

LEGAL STATUS

Printcare PLC was incorporated as a Private Limited Liability Company on 3rd September 1979 under the Company's Ordinance No. 51 of 1938. It was converted to a Public Limited Liability Company on 21st October 1994.

Company registration No : PQ 75
Tax Payer Identification No : 104059317

BOARD OF DIRECTORS

Merrill J Fernando
Abbas Esufally
K R Ravindran
Ejaz Chatoor
Dayasiri Warnakulasooriya
(Ms) Anushya Coomaraswamy
Simon Scarff

REGISTERED OFFICE

77, Nungamugoda Road, Kelaniya.

STOCK EXCHANGE LISTING

Colombo Stock Exchange

AUDITORS

Messrs. Ernst & Young
Chartered Accountants
201, De Saram Place, Colombo 10.

LAWYERS

D.L. & F. De Saram
Attorneys-at-Law and Notaries Public
47, Alexandra Place, Colombo 07.

SECRETARIES

Managers & Secretaries (Pvt) Limited
8, Tickell Road, Colombo 08.

BANKERS

NDB Bank PLC
Citibank N.A.
Hong Kong and Shanghai Banking Corporation Limited
Deutsche Bank AG
Nations Trust Bank PLC
Standard Chartered Bank
Bank of Ceylon

In keeping with our commitment to the environment the cover and the pages of the Annual Report have been printed using renewable non-fossil carbon content Inks on 200gsm and 120gsm paper produced by a FSC Certified Mill which is completely recyclable and bio-degradable.



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The cover design incorporates Spot UV, Embossing, Textured Varnish and Holographic Foil.

OUR CULTURE & VALUES

Printcare culture reflects more than just a structure. It is a statement of values. Our commitment to a progressive, enterprising, responsive, focused, ethical, confident and tech savvy workplace enables us to build our relationships, with clients and with colleagues, on honesty and trust. It drives our ability to deliver great client service and to generate superior long-term financial performance for our shareholders.

The seven points of the star and the seven colours of our roundel in the Printcare logo symbolise the seven core values that make up our culture.

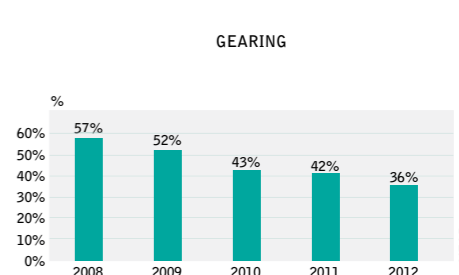
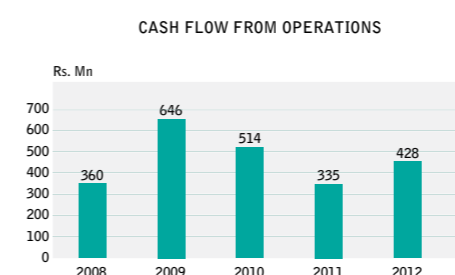
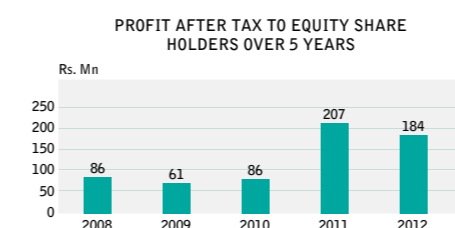
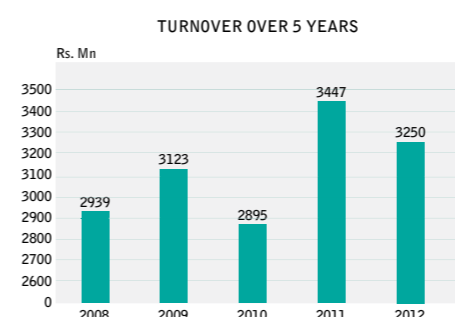


FINANCIAL HIGHLIGHTS

YEAR ENDED 31 MARCH 2012

	2012	2011	Change	2010
TRADING RESULTS				
Turnover (Rs. '000s)	3,249,865	3,446,702	(6%)	2,895,200
Profit Before Tax	203,652	259,058	(21%)	123,721
Profits attributable to equity shareholders (Rs. '000s)	183,531	206,587	(11%)	85,772
Ordinary Dividend - Gross (Rs. '000s)	73,072	60,177	21%	17,193
Cash from Operations (Rs. '000s)	428,113	335,084	28%	514,127
BALANCE SHEET HIGHLIGHTS				
Total Assets (Rs. '000s)	2,439,796	2,470,522	(1%)	2,150,951
Total Equity (Rs. '000s)	1,178,454	1,068,049	10%	918,364
KEY RATIOS				
Gearing %	36%	42%	(14%)	43%
Return on Average Shareholders Funds (%)	17%	22%	(22%)	10%
Return on Average Total Capital (%)	15%	19%	(23%)	15%
SHARE INFORMATION				
Net Asset Value per Share (Rs.) ⁽¹⁾	13.14	11.87	11%	10.17
Dividends per Share (Rs.) ⁽¹⁾	0.85	0.70	21%	0.20
Earnings Per Share (Rs.) ⁽¹⁾	2.13	2.40	(11%)	1.00
Market Price Per Share at the year end (Rs.)	31.00	127.60	(76%)	85.00
No of Shares ('000)	85,967	17,193	400%	17,193
Market Capitalization (Rs. '000s)	2,664,967	2,193,827	21%	1,461,405
P/E Ratio (x) ⁽¹⁾	14.55	10.62	37%	17.04

⁽¹⁾ Comparatives restated to reflect the impact of the share split of 1:5 in 2011/2012



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the Annual Report and Audited Financial Statements of Printcare PLC for the year ended 31 March 2012.

In the year under review, Turnover of your Company recorded Rs. 3,249.9 million and Profit Before Tax was Rs. 203.7 million, compared with corresponding figures of Rs 3,446.7 million and Rs 259.1 million last year. While this is below the previous year, it is still the second best performance by your company since its inception.

Your company is reliant largely on the tea industry which is witnessing turmoil in some Middle Eastern countries. Civil unrest in and sanctions imposed on some, seriously affected our customers' operations.

While we experienced a set back in sales in our Tea Tags & Envelopes Division due to the above reasons, our direct exports performed well. Our overseas customers are beginning to appreciate the quality of our service and they are steadily increasing their reliance on your company.

The Carton Division has delivered encouraging results boosted by growth in export sales. Although there is general industry over capacity in this segment which affect margins, our special design capabilities servicing the higher end segment of the market stands us in good stead. Our products won all three prizes in the packaging segment of the national awards this year, which endorsed our position as the finest printing and packaging company in Sri Lanka.

The Security Printing Division, which focuses mostly on pre-paid telephone cards, lottery tickets and promotional games, is still underperforming, unfortunately. Being the only company in Sri Lanka equipped to deliver high quality lottery tickets, our efforts to win the local tender continue unabated. There is every indication that this situation will change soon. Meanwhile, our export volumes make steady progress. We have firmly established our company as the principal supplier of high quality telecom prepaid cards in the face of invasive competition offering unsustainable prices and relying on less than ideal manufacturing processes in an effort to win market share.

"Our products won all three prizes in the packaging segment of the national awards this year, which endorsed our position as the finest printing and packaging company in Sri Lanka."

Our Digital media operations, a very small and nascent but an exciting part of the business, is an area that will provide growth over the next decade. This division is currently developing some innovative products and services. I hope to report interesting developments next year.

Your Directors recommended the payment of a final dividend of Rs. 0.40 per share, taking the total dividend declared during the financial year to Rs. 0.75.

During this year your company was placed 10th out of 63 companies evaluated in the Annual Corporate Accountability Index, achieving a Gold Classification. Printcare was the only printing and packaging company to be ranked in this index. Corporate accountability is not solely about philanthropic activities, although that is a big part; it's about being accountable for your actions, to your stakeholders, and operating in a manner which ensures long term sustainability of the business, which, in turn ensures sustainable development of the nation. It is about the company's interactions with the economy, the environment and the social sphere.

Your Company provides an environment guided by CSR, quality and loyalty to its customers – this is the collective contribution of every member of its staff. All the Directors join me in expressing our sincere thanks to them.

I would like to thank my colleagues on the Board for their commitment and good advice.



MERRILL J. FERNANDO
CHAIRMAN
21 MAY 2012



DIRECTORS' PROFILE

Mr. M.J.Fernando

Chairman

One of the first Sri Lankan tea tasters in the then British dominated trade, Mr. Merrill J Fernando is the Chairman of MJF Holdings Ltd. He founded the Dilmah tea brand that re-introduced pre-packaged Pure Ceylon tea to western markets. Dilmah, launched in Australia and now sold to over 90 countries, is considered a role model for value-added marketing of a third world commodity. Mr. Fernando has set up the MJF Foundation, a low profile charity that works to create better conditions for plantation workers, underprivileged children, elders and society's victims.

Mr. A.N.Esufally

Deputy Chairman

Mr. A.N.Esufally is a Fellow of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka. He is an all island Justice of the Peace and is the Hon. Consul of the Kingdom of Bhutan in Sri Lanka. He is a Group Director of Hemas Holdings PLC and serves as Chairman of Serendib Hotels PLC and Dolphin Hotels PLC. He also serves on the Board of several other companies. He has experience in business of over 35 years in Sri Lanka and overseas, and has been in the forefront of the leisure industry in Sri Lanka.

Mr. K.R. Ravindran

Managing Director

Mr. K.R. Ravindran, Co-founder and CEO of Printcare PLC, has over 35 years of experience in the printing and packaging industry. He is a graduate in Commerce from Loyola College, India.

Mr. Ravindran, served as a member of the Board of Directors of the Chicago headquartered 105 year old Rotary International, one of the worlds largest service organizations. He is the first Sri Lankan to be elected to this office. He also serves on the boards of several other charitable trusts. Mr. Ravindran also serves as a director in all of the group companies as well as other companies.

Mr. E. Chatoor

Non-Executive Director

Mr. Ejaz Chatoor has been member of Printcare PLC Board as a non Executive Director since 1994. He is the Managing Director of Saboor Chatoor (Private) Limited, a leading exporter from Sri Lanka of all types of agricultural products, especially spices. He has over 30 years of management experience in the export trade and holds a BSc degree in Business Administration from the University of Southern California and a MBA from the University of California, Los Angeles.

Mr. D. Warnakulasooriya

Non-Executive Director

Mr. D. Warnakulasooriya is the Chairman and Managing Director of the Midaya Group of Companies. The Midaya Group has accumulated several honors since its inception in 1968, including the Presidential Export Award, the National Exporters Association Exporters' Award. The National Productivity Award Certificate of Merit, and several categories of the Entrepreneur of the year award.

Mr. Warnakulasooriya serves in the following roles:

- President of the Sri Lanka Ceramics Council.
- Senior Vice Patron of JASTECA (Japan Sri Lanka Technical and Cultural Association)
- Chairman of the Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust
- Vice President of the Lanka Japan Business Cooperation Committee
- Director of the National Health Development Fund of the Ministry of Health Colombo

He is also a recipient of the "The Order of the Sacred Treasure Gold Rays with Rosette" an honor bestowed upon him by the Emperor of Japan. (Awarded in the year 1996)

Ms. A.Coomaraswamy

Independent Non - Executive Director

A Fellow of the Chartered Institute of Management Accountants UK and the Institute of Chartered Accountants of Sri Lanka, her work experience counts over 20 years of senior management experience in the private sector, notably as Group Finance Director of John Keells Holdings from 1994 to 2002. Her portfolio also includes the positions of Advisor to the Ministry of Finance, Chairperson of the Public Utilities Commission and a member of the Public Enterprise Reform Commission. She currently serves in a non executive capacity as Director of Janashakthi Insurance PLC, Aitken Spence Plantation Managements Limited and a couple of Not for Profit Organisations. She is also a member of the Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka.

Mr. S.J.Scarff

Independent Non - Executive Director

He is currently the Non Executive Chairman of GlaxoSmithKline Consumer Healthcare Limited India. Mr. Simon Scarff started his career at Horlicks Limited, UK (now part of GlaxoSmithKline PLC). Previously he has served as Co-ordinator on the Consumer Brands business in Nigeria. He served as Regional Group Manager for the Near and the Middle East based in Cyprus and Dubai, and subsequently as the Managing Director in India till October 2002. Mr. Scarff was awarded the Officer of the Order of the British Empire (OBE) by Her Majesty the Queen of England in the New Year's Honour List (1999) for services to British Industry. He is also Chairman of The Business and Community Foundation, a charitable organization in India and a non Executive Director of Whirlpool of India and the GlaxoSmithKline company in Sri Lanka.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to submit their report together with the Audited Accounts for the Company and the Group, for the year ended 31 March 2012, to be presented at the Thirty First Annual General Meeting of the Company.

REVIEW OF THE YEAR

Chairman's review on page 4 describes the Company's affairs and mentions important events that occurred during the year, and up to the date of this report. This report together with the audited financial statements reflect the state of the affairs of the Company.

PRINCIPAL ACTIVITIES / CORE BUSINESS

The Core Business of the Group is the Manufacturing/Printing of tea bag tags, envelopes, and different types of cartons.

FINANCIAL STATEMENTS

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007 are given from page 58 to page 81 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on page 57 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements is given from page 62 to page 67. There were no changes in Accounting Policies adopted by the Company during the year under review.

FINANCIAL RESULTS / PROFIT & APPROPRIATIONS

	2012 Rs. '000	2011 Rs. '000
Turnover	3,249,865	3,446,702
Profit/(Loss) Before Tax Less : Taxation	203,652 (19,309)	259,058 (49,387)
Profit/(Loss) After Tax Minority Interest	184,343 (812)	209,671 (3,084)
Net Profit/(Loss) for the year Profit/(Loss) Brought forward	183,531 409,362	206,587 571,601
Appropriations: Transfer to Reserves Dividends Paid	(126) (73,072)	(308,649) (60,177)
	519,695	409,362

Earnings Per Share Basic	Rs. 2.13	2.40 ⁽²⁾
Dividends Per Share	Rs. 0.85	0.70 ⁽²⁾
Net Asset Value Per Share	Rs. 13.14	11.87 ⁽²⁾
Market Value Per Share⁽¹⁾		
Highest Value	Rs. 350.00	159.00
Lowest Value	Rs. 25.00	69.50
Market Value at Year End	Rs. 31.00	127.60
Highest Value	21.04.2011	21.10.2010
Lowest Value	15.02.2012	30.07.2010
Market Value at Year End	31.03.2012	31.03.2011

⁽¹⁾ The number of shares were increased from 17,193,334 to 85,966,670 on 30 June 2011 by sub-dividing each existing share into five shares.

⁽²⁾ Per share values have been restated as per the above share split

Income Tax

During the year under review the group had a net income tax charge of Rs 19.3 million. However the Income Tax on the taxable profit is expected to increase in the future due to the reduction in available capital tax allowances. The details relating to the Income Tax are disclosed under note 23 to the Financial Statements.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 117,821,954/- (2011 – Rs. 211,921,092/-) in Property, Plant & Equipment of which Rs. 29,654,202/- is in Freehold Land, Rs. 4,976,808/- is in Building on Freehold Land, Rs. 70,522,157/- is in Machinery & Equipment, Rs. 10,904,845/- is in Computer and other Equipment, Rs. 1,675,138/- is in Furniture and fixtures, and Rs. 88,804/- In Motor Vehicles.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 4 to the Financial Statement.

INVESTMENTS

Details of long-term Investments held by the Company are given in Note 5 and Note 6 to the financial statement.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 11 of this report.

CORPORATE GOVERNANCE

The Company has complied with the corporate governance rules laid down under the listing rules of the Colombo Stock Exchange, and is given on page 12 to page 15.

RESERVES

The Reserves and Accumulated Profits as at 31 March 2012 amount to Rs. 857,749,447/- (Rs. 823,362,779/- after the proposed final dividend) vs Rs. 748,662,951/- as at 31 March 2011. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

STATED CAPITAL

As per the terms of the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 271,893,021 as at 31 March 2011 and was unchanged during the year. The details are given in Note 12 to the financial statement on page 74

POST BALANCE SHEET EVENTS

There were no material events occurring after the Balance Sheet date that require adjustments, or disclosure which require adjustment in the Financial Statements other than those mentioned in Note 26 to the Financial Statements.

STATUTORY REQUIREMENTS

The declaration relating to Statutory requirements is made in the Statement of Directors' Responsibilities on page 11

INTERESTS REGISTER

Details of the transactions with Director-related entities are disclosed in Note 27 to the financial statements on page 8 and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

BOARD COMMITTEES

Audit Committee

Following are the names of the independent non Executive Directors comprising the Audit Committee of the Board.

1. Ms. A Coomaraswamy (Chairperson)
2. Mr. Simon Scarff

The report of the Audit Committee on page 16 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10.6 of the Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

Following are the names of the independent non Executive Directors comprising the Remuneration Committee of the Board,

1. Mr. Simon Scarff (Chairman)
2. Ms. A Coomaraswamy

The report of the Remuneration committee on page 17 contains a statement of the remuneration policy.

The details of the aggregate remuneration paid to the Executive and Non – Executive Directors during the financial year are given in Note 27.3 on page 80 to the financial statement.

SHARE INFORMATION & SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholding subsequent to the share subdivision and Top Twenty Shareholders are given in page 84.

The earnings per share, dividends per share, net assets per share are given in Financial Highlights on page 3 of this Annual Report.

DIRECTORS

In terms of Section 83 (iii) of the Articles of Association of the Company, the following Directors retire and being eligible had offered themselves for re-election.

Mr. A.N. Esufally
Mr. E.G. Chatoor
Ms. A. Coomaraswamy
Mr. S.J. Scarff

In accordance with Section 211 of the Companies Act No 7 of 2007, Mr. Merrill J Fernando who is 82 years of age and Mr. D. Warnakulasooriya who is 73 years of age, and being eligible have offered themselves for re-election.

DIRECTOR'S SHAREHOLDING

The interest of the Directors in the shares of the Company as at 31st March subsequent to the share subdivision were as follows;

	No. of Ordinary Shares	
	As at 31.03.2012	As at 31.03.2011
Mr. M. J. Fernando	-	-
Mr. K. R. Ravindran	17,906,190	3,981,238
Mr. A.N. Esufally	3,903,330	780,666
Mr. E. Chatoor	433,500	86,666
Mr. D. Warnakulasooriya	1,167,260	233,452

INDEPENDENCE OF DIRECTORS

In accordance with Rule 7.10.3 of Colombo Stock Exchange Rules on Corporate Governance ('CSECG Rules'), Ms. A. Coomaraswamy and Mr. S. Scarff who are Non-Executive Directors of the Company have submitted a signed and dated declaration to the Board of their Independence.

AUDITORS

The resolutions to appoint the present Auditors, Messrs. Ernst & Young Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

The Audit fees and expenses paid to the Auditors is disclosed in the Note 22 on page 77 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

The Audit committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor. Details on the work on the Audit Committee are set out in the Audit Committee Report.

NOTICE OF MEETING

The Annual General Meeting will be held at the Registered office of the Company at No: 77, Nungamugoda Road, Kelaniya on 5 July 2012 at 3.00p.m.

The Notice of the Annual General Meeting appears on page 85.

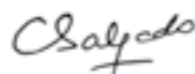
For and on behalf of the Board.



K R Ravindran
Director



Ejaz Chatoor
Director



Managers & Secretaries (Pvt) Ltd
Secretaries
21 May 2012
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Companies Act No.07 of 2007 requires Directors to ensure that the Company keeps proper books of accounts of all the transactions and prepare Financial Statements that give a true and fair view of the state of the Company's affairs and of the profit and loss for the year.

The Directors are also required to ensure that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act 07 of 2007 and the Rules of the Colombo Stock Exchange. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

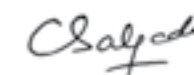
The Directors are of the view that, these Financial Statements have been prepared under the generally accepted accounting principles and in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka.

The Directors endeavor to ensure that the Company maintains sufficient records to be able to disclose with reasonable accuracy, the financial position of the Company and to be able to ensure that the Financial Statements of the Company meet with the requirements of the Companies Act, Sri Lanka Accounting Standards and the Rules of the Colombo Stock Exchange.

The Directors have reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the Accounts.

Messrs. Ernst & Young the Auditors of the Company have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders and Directors meeting and express their opinion in their report on page 57 of the Annual Report.

By Order of the Board
Printcare PLC



Managers & Secretaries (Private) Limited
Secretaries
Colombo
21 May 2012

CORPORATE GOVERNANCE

Corporate Governance at Printcare means creating value for shareholders whilst promoting a culture of ethical behaviour and practice. Printcare is committed to maintaining the highest standard of ethical values and professionalism in all its activities.

The group provides all the market participants and regulatory authorities with timely, accurate, complete and reliable information of the company continued to regulate and improve its corporate governance structure.

THE BOARD OF DIRECTORS

Board Composition and Independence

The Printcare Board consists of seven Directors comprising six Non Executive Directors and one Executive Director who functions as the Managing Director/Chief Executive Officer for the group. The six Non Executive Directors include the Chairman and two Independent Directors.

The role of the Chairman and that of the Managing Director are distinct and separate. The board consists of members who have diverse skills and experience. The Managing Director has over 30 years of experience in the printing & packaging industry.

The balance between the executive and non executive directors is maintained as per SEC regulations. Each director provides independent judgment on major issues discussed at board meetings. All directors have attended board meetings and discharged their duties in a conscientious and responsible manner, diligently made decisions on major issues for the company in communicating with the shareholders.

The company has adopted the independent directors system whereby two independent non-executive directors have been appointed to the board in line with SEC ruling. The primary duties of the independent non-executive Directors are to protect the interest of the minority shareholders independently and objectively.

Each director has a responsibility towards independence and conflict of interest is avoided by taking judgments or decisions after stating the independence to the transaction.

Such potential direct and indirect material relationships with the company are reviewed by the board from time to time.

Members of the board possess substantive knowledge and experience in commercial, legal and financial fields in a variety of industries. Additionally, the exposure to international best practices has given them a competitive edge to lead the organization with total commitment.

THE BOARD'S KEY RESPONSIBILITIES

The Printcare Board of Directors represents the shareholders' interest in the group's successful operation. This active responsibility includes optimising long-term financial returns and delivering value to customers, employees, communities and other key stakeholders. The board is accountable for the company executing its responsibilities in a legal and ethical manner. The responsibilities include,

- Providing direction and guidance to the company in the formulation of its strategies and in the pursuance of its operational and financial goals
- Monitoring systems of governance and compliance
- Overseeing systems of internal control and risk management
- Approving major acquisitions, disposals and capital expenditure
- Approving annual budgets and strategic plans
- Review the statutory and SEC governance rules and implement them for compliance.
- Formulating proposals for dividend and bonus distributions and for the increase or reduction of capital; and
- Exercising other powers, functions and duties as conferred by the company's articles of association.

ATTENDANCE AT BOARD MEETINGS

MEMBER'S NAME	19APR11	29JUN11	19OCT11	12JAN12
M.J.Fernando	Y	X	*	Y
A.N.Esufally	Y	Y	Y	X
K.R.Ravindran	Y	Y	Y	Y
E.Chatoor	Y	X	Y	Y
D.Warnakulasooriya	Y	Y	Y	Y
A.Coomarashwamy	Y	X	Y	Y
S. Scarff	Y	Y	Y	Y

*** denotes - Absent but alternative attended
 x denotes - Excused

DELEGATION OF AUTHORITY

The executive authority of the Board is delegated to the Managing Director who is also a member of the board. The Managing Director is fully accountable to the board for the day to day running of the company. The performance of the company is monitored by way of monthly management meetings. These meetings provide an opportunity to look at performance deviations and take remedial action.

The Board is assisted in fulfilling its responsibilities by delegating some of its functions to two sub committees while retaining final decision rights pertaining to matters under the purview of these committees.

AUDIT COMMITTEE

The Audit committee consists of two independent non executive directors. The role of the committee is to review the accounting principles, policies and the practices adopted in the preparation of financial information and examining all documents representing the Financial Statements. The committee is responsible for consideration and the appointment of the external auditors. Further the committee supports the board in discharging their responsibilities in areas such as the management of internal controls, business risk and the statutory compliances.

The audit committee report including the subjects reviewed during the financial year is described in detail in the board committee section of the annual report.

REMUNERATION COMMITTEE

Remuneration committee consists of two independent non executive directors and the role of the committee is to determine the remuneration policy for the Chief Executive Officer and the senior managers, and to ensure that the statutory and legal requirements pertaining to the remuneration are complied with.

The detailed committee report and the subjects reviewed during the financial year is reported in the board committee section of the annual report.

SHAREHOLDER RELATIONSHIP

The shareholders' role as explained in the code of best practices is to appoint directors and auditors and to satisfy themselves that appropriate governance structure is in place.

The company communicates the quarterly financial results to the shareholders within the period stipulated by the Colombo Stock Exchange.

Shareholders have the opportunity at scheduled Annual General Meetings to ask questions from the Board of Directors. The content of the Annual Report too enables the existing and prospective stakeholders to make better informed decisions in their dealings with the company securities.

ECONOMIC, ENVIRONMENTAL & SOCIAL ENGAGEMENTS WITH STAKEHOLDERS

Printcare Sustainability Strategy endorses the triple bottom line principles and as a sustainable company we have incorporated these three factors in to our business practices.

Economic & Social

The company frequently engages in issues pertaining to economic and social related aspects. The labour and workplace management practices are supported by the principles of the ILO Declaration (International Labour Organization). These have been described in detail under Economic Performance, Printcare Workplace and Community Involvement sections in the Sustainability Report.

Environmental Responsibility

With regard to the "Environmental Policy" a group wide environmental management system has been implemented across the group companies and with emphasis on environmental factors such as energy, water, waste management and materials management. Several companies in the group have obtained ISO 14001 certification. More details are discussed further under the Environmental Impact and Accreditations sections of the Sustainability Report.

MEMBERSHIPS MAINTAINED BY PRINTCARE GROUP DURING THE YEAR IN 2011/12

Employers' Federation of Ceylon (EFC)
 Ceylon Chamber of Commerce of Sri Lanka
 National Chamber of Commerce of Sri Lanka
 Sri Lanka Association of Printers

RISK MANAGEMENT

Company has adopted the Enterprise Risk Management methodology to assess the potential multitude of risk exposure to each group companies. After identifying the significant risks, relevant response strategies were formulated in the year under review. This is a continuous process and quarterly presentations are made to the Board of Directors.

REPORTING

Directors are responsible to furnish information to shareholders in relation to financial statements with adequate information which are depicted in the Annual Report. Financials are prepared based on the applicable Accounting standards with relevant disclosures. Further reasonable steps have been taken to ensure the accuracy and timeliness of the financials by the board of directors.

Group operations, planning, decision rights and monitoring are vested with the Executive Committee (EXCO) and monthly review meetings are conducted. In addition to monthly review meetings, management presentation is also done to review operational performances by all managers.

COMPLIANCE

The company's compliance with its statutory obligations is monitored regularly by the management to ensure that the company has met all statutory obligations. In addition, the Board is also briefed on a quarterly basis by the Audit Committee which also examines the statutory compliance reports periodically. However a set procedure has not been decided to validate highest governance body's own performance as of now.

The Group's level of compliance with the new CSE's new listing rules – Section 7.10 on the Corporate Governance are given in the following table.

Listed entities are required to comply with the listing requirement published by the Colombo Stock Exchange. (Section 7.10)

CSE Rule No.	Subject	Applicable Requirement	Compliance
7.10.1.(a)	Non Executive Directors	At 1/3 or 2 of total number of Directors should be Non Executive Directors.	✓
7.10.2.(a)	Independent Directors	2 or 1/3 of Non Executive Directors, whichever in higher, should be independent	✓
7.10.2.(b)	Independent Directors	Annual declaration of independence	✓
7.10.3.(a)	Disclosure relating to Directors	a) The board shall make a determination annually as to independence or otherwise of each Non Executive Directors' b) Names of the Non Executive Directors' should be disclosed in the Annual report.	✓ ✓
7.10.3.(b)	Disclosure relating to Directors	If the director doesn't qualify as independent, director shall specify the criteria not met and the basis for the determination in the annual report.	N/A
7.10.3.(c)	Disclosure relating to Directors	A brief resume of each Directors should be included in the Annual Report including the Director's areas of expertise.	✓
7.10.3.(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the board with details specified in 7.10.3(a),(b) and (c) to the CSE	N/A
7.10.4(a-h)	Determination of independence	Requirements for meeting criteria	✓
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee	✓
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non Executive Directors, a majority of whom will be independent	✓
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	✓
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	a) Names of Directors comprising the Remuneration committee b) Statement of Remuneration Policy	✓ ✓
7.10.6	Audit Committee (AC)	The company shall have an Audit Committee	✓
7.10.6 (a)	Composition of Audit Committee	a) Shall Comprise of Non Executive Directors, a majority of whom will be Independent b) A Non Executive Directors shall be appointed as the Chairman of the committee c) Chief Executive Officer and Chief Financial Officer should attend Audit Committee meetings d) The Chairman of the Audit Committee or one member should be a member of a professional accounting body	✓ ✓ ✓ ✓
7.10.6 (b)	Audit Committee Function	Overseeing of the- a) Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards b) Compliance with financial reporting requirements, information requirement of the companies Act and other relevant financial reporting related regulation and requirements c) Processes to ensure that the internal control and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards d) Assessment of the independence and performance of the external auditors e) Make recommendation to the board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor	✓ ✓ ✓ ✓ ✓
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	a) Names of Directors comprising the Audit Committee b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions	✓ ✓ ✓

AUDIT COMMITTEE REPORT

In accordance with the standards and regulations set by the Colombo Stock Exchange, the Audit Committee, consists exclusively of two Independent Non Executive Directors with several years of experience in Finance and Management. In keeping with the guideline, the Committee is chaired by a member of a professional body, a Fellow of the Institute of Chartered Accountants of Sri Lanka.

As prescribed in the Listing Rules of the Colombo Stock Exchange the Audit Committee oversees,

- The preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.
- Compliance with financial reporting requirements and, information requirements of the Companies' Act and other relevant financial reporting related regulation and requirements.
- Processes to ensure that the internal control and risk management are adequate to meet the requirements of the Sri Lanka Accounting Standards.
- Assessment of the independence and performance of the external auditors.
- Make recommendation to the Board pertaining to the appointment, re-appointment and/or removal of external auditors, and approve the remuneration and terms of engagement of the external auditor.

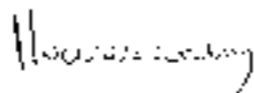
The Audit Committee held three meetings during the year. The Chief Executive Officer, and the Chief Financial Officer were present at meetings on invitation. Other officials of the Company were invited to attend on a need basis. The External Auditors and the Outsourced Internal Auditors were invited to meetings when matters pertaining to their functions came up for consideration.

The key findings and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee's meetings at Board Meetings and verbally at Board Meetings when necessary.

The Audit Committee carried out the following activities for the financial year ending 31 March 2012.

- Reviewed the activities and the financial affairs of the company and its subsidiaries to ensure that a reliable financial reporting system was in place.
- Reviewed the appropriateness of the accounting policies including the extent of compliance with Sri Lanka Accounting Standards adopted by the group and its subsidiaries and the adequacy of disclosures in the Financial Statements as required by other applicable laws, rules and guidelines.
- Reviewed the processes for the identification, evaluation and management of significant operational risks and the remedial measures taken to mitigate them.
- Reviewed the Statutory Compliance Reports submitted quarterly to ensure that proper framework is in place in order to comply with the relevant rules, laws and regulations.
- Approved the Internal Audit Plans at the beginning of the year and monitored the implementation of such plans.
- Reviewed the Internal Audit reports submitted every quarter with the management and monitored the follow up action taken by the management to ensure that the recommendations proposed by the Internal Auditors are implemented.
- Reviewed and approved for submission to the Colombo Stock Exchange the quarterly financial statements of the Company.

Having reviewed the scope and effectiveness of the external audit, and the independence and objectivity of the external auditors the audit committee has recommended the re-appointment of Messrs. Ernst & Young, Chartered Accountants as the external auditors to the Board of Directors for the ensuing year, subject to the approval of the share holders at the Annual General meeting.



Anushya Coomaraswamy
Chairperson, Audit Committee
21 May 2012

Member
Simon Scarff

REMUNERATION COMMITTEE REPORT

The Remuneration Committee is established with two Independent Non Executive Directors to ensure that the current remuneration policy supports the strategic aim of the business by enabling the company to recruit, motivate and retain high calibre senior executives, while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.

The objective of the Printcare Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to matters relating to remuneration, including:

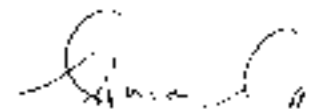
- Enabling the Company to attract and retain senior executives with appropriate professional, managerial and operational expertise necessary to create value for Shareholders and to support the Company's mission;
- Practice policies, which will fairly and responsibly reward the Chief Executive Officer and senior executives having regard to the performance of the group;
- Ensuring that the Company had appropriate remuneration policies and had a system to monitor its implementation;
- Ensure that reporting disclosures, related to remuneration, meet all relevant legal and statutory requirements.

During the year the Committee met to review all significant Human Resource policies, initiatives, salary structures and terms and conditions relating to the Chief Executive Officer and to the staff at senior executive level.

The review was carried out to ascertain whether the remuneration of the Chief Executive Officer and the senior executives was in line with the market trend. In carrying out its task the committee examined data concerning executive pay based on comparative companies. The Committee was assisted in this respect by a comprehensive remuneration survey report and was satisfied that the payments were compatible to that offered by the market.

The committee also examined the group's compensation structure across all employees of different grades to ensure that the compensation structure was in line with the overall group policy and was satisfied that it had been structured in a fair and equitable manner to both employee and the company.

The Committee reviewed the operation of the Performance Evaluation and Development Plan implemented by the group for managers to achieve business objectives, employee development and generate sustainable returns and was satisfied with the progress made to enable the managers to think in terms of value addition.



Simon Scarff
Chairman, Remuneration Committee
21 May 2012

Member
Anushya Coomaraswamy

RISK MANAGEMENT

Taking risks is an inherent part of entrepreneurial behavior. A structured risk management process encourages management to take risks in a control manner. Thus effective management of these risks is essential to the sustainability and growth of the business and safeguarding the shareholders' investment.

At Printcare, risk management forms an integral part of business management. The company acknowledges the necessity of risk recognition and a proactive risk management strategy given the competitive business climate that it operates in, both within Sri Lanka and globally.

The Board holds responsibility for the company's effective system of control and risk management. The Audit committee on behalf of the board oversees the risk management process by closely working with the management of the company to ensure that the process is implemented and practiced effectively. The implementation of the risk management process is entrusted to the Group Risk Steering Committee, consisting of personnel from different divisions with diverse experience, to implement, control and review the process on a regular basis.

Thus, the risk review is a continuous process and is supported by group wide stakeholder engagement. In order to ensure that the risks of the company are being satisfactorily managed, the audit committee has included the risk review on the agenda of audit committee meetings. The risk management process in place recognises different risk under broad categories, such as strategy, operational, compliance and finance. Under each category, specific potential risks are identified and rated on a scale of 1 to 5 in terms of business impact and likelihood of occurrence to ascertain a score for each risk. The product of these rankings are then tabulated in a template that rates the risks on a scale of 'Ultra High' to 'Insignificant'.

Thus the identification of the significance of the risk exposure enables the company to prioritise the risks to plan mitigating strategies accordingly. The mitigation strategy would be to accept, transfer and share, or to avoid the risks identified based on collective opinion and information obtained from members involved in the process.

The potential risks that could have a material impact on the company and the action plans implemented to manage these risks are tabulated below:

STRATEGIC & OPERATIONAL RISK

RISK	EXPOSURE	MITIGATING ACTIONS
Retention of Business Partners	Loss of principals and business partners due to global mergers acquisitions, intense competition or unsatisfactory service.	<ul style="list-style-type: none"> Assessed existing relationship and business processes with business partners and developed strategies to maximize value proposition and strengthen the working relationship. Explored new market opportunities and developed new alliances to minimize exposure to a single business partner.
Market Risk	Loss of market share or market leadership in the printing and packaging sector due to competition from existing and potential competitors.	<ul style="list-style-type: none"> Implemented an engagement process to monitor customer needs and continually develop innovations that add value to our customers. Enhanced productivity and efficiency to improve price competitiveness and invested in high quality machinery and equipment to improve quality and reliability.
Growth Risk	Risk of core businesses of the portfolio being in the maturity or decline phase.	<ul style="list-style-type: none"> Redefined businesses through new products and/or new market opportunities with potential for growth. Innovated new products and services that have better growth prospects. Identified new business opportunities that leverage on core competencies.
Economic Slowdown	Potential impact on business revenues and margins as a result of diminishing consumer purchasing power.	<ul style="list-style-type: none"> Formulated and implemented a strategic plan covering all aspects of the business for a period of three years with a regular review mechanism Reviewed the cost structure and explored opportunities to convert fixed costs to variable costs, where possible. Identified market segments that are affected less by a downturn. Identified and reduced the dependency on a single sector and customers to mitigate the impact.
Natural Disaster	Adverse impact on Profitability and going concern of the company.	<ul style="list-style-type: none"> Implemented Business Continuity Plans for operations and IT Carried out gap analyses to identify risks that need to be insured and to recommend appropriate products to ensure that the coverage is adequate. Applied a basis of valuation agreeable to both the company and the insurer to minimize deductions in the event of claims. Carry out an independent audit every year to ensure that the company is fully compliant with the terms and conditions of the insurance policies.
IT security	Loss of confidential information and adverse impact on the operation and customer satisfaction.	<ul style="list-style-type: none"> Implemented Business Continuity Plan
Attraction and Retention of Talent	Potential impact on business competitiveness due to the inability to retain and recruit suitable talent.	<ul style="list-style-type: none"> Implemented systems and processes to build a stronger employer brand image. Developed long-term commitment through training and development, career planning, talent management and performance-based rewards system. Ensured compensation is aligned with market.
Internal Process and Procedures	Losses due to fraud, human errors, inefficient processes, natural perils, loss of data and disclosure of sensitive information.	<ul style="list-style-type: none"> Implemented clearly defined systems, procedures and policies to ensure compliance with internal controls. Procedures/systems are periodically reviewed for their continued effectiveness by independent auditors. Maintain objectivity and independence of the internal audit and internal control function. An externally sourced independent audit firm carries out regular review and reported on the adequacy and effectiveness of these systems and level of compliance to the Group Audit Committee. Ensured continuous improvement of processes through process documentation, root cause analysis, customer satisfaction measurement etc.
Cost Inflation	Potential impact on profitability as a result of increasing costs.	<ul style="list-style-type: none"> Focused on increasing productivity to reduce cost base. Established relationships with multiple suppliers and service providers to reduce over-dependency on single supplier or service provider. Budgetary controls and on going review of businesses to ensure that deviations from targets and objectives are minimized and underlying reasons are addressed immediately.

FINANCE & COMPLIANCE RISK

RISK	EXPOSURE	MITIGATING ACTIONS
Exchange Rate Risk	Negative impact on the profitability as a result of exchange rate fluctuations.	<ul style="list-style-type: none"> Standardised the use of currency to mitigate the exposure. Had discussions with experts, knowledgeable on this subject to identify trends in order to be pro active in managing the foreign exchange exposure.
Credit Risk	Loss of revenue due to payment delays and non-payments from debtors.	<ul style="list-style-type: none"> Implemented effective customer specific credit policies. Regular monitoring and debt collection procedures. Included the process in the Audit Plan to be audited on a regular bases.
Interest Rate Risk	Negative impact on the profitability as a result of interest rate increases.	<ul style="list-style-type: none"> Continued to reduce debt levels to minimize effect of rate increases. Negotiated short and long term loans on fixed and semi fixed interest rates. Improved processes to increase the percentage of foreign borrowing.
Regulatory and Compliance Risk	The introduction of new regulations or the amendments to existing regulations by the government locally and/or internationally which may be adverse to business and complexity in complying with all regulatory requirements.	<ul style="list-style-type: none"> Continuously discussed regulations with knowledgeable parties to recognise the significance of the exposure. Conducted compliance review at group and business levels quarterly to ensure that all business units adhere to legal and statutory requirements.



SUSTAINABILITY REPORT

PRINTCARE 2012

CEO'S MESSAGE

Dear Shareholders,

Printcare is a relatively small company but is committed to sustainable value creation for its shareholders and varied stakeholder groups. We recognise that as a leading printing and print services company globally we have a responsibility to establish a benchmark for sustainability. We believe that businesses acting as businesses not charitable donors are the most powerful force for addressing the pressing issues we face.

Sustainability for business is an operational imperative and strategic opportunity in the face of more stringent regulations imposed by Governments both in the country where goods and services are purchased and in the country where they are delivered.

"We don't think it's just about being 'green'. It's about rethinking how the world works and finding smarter ways to do the simple actions that make up our daily lives."

Consumers themselves are demanding products that support the ecology and have longer life cycles and more value. It is clear that Companies that embrace this change will position themselves for continued growth in tomorrow's economy, reap the benefits, and find themselves in a position of leadership.

At Printcare, we do not wish it to be merely a program or a set of good intentions, but a set of behaviors and actions that are integrated with the business strategy of our Company and reflected in our culture. We believe sustainability is the growth opportunity of the 21st century, but we don't think it's just about being "green". It's about rethinking how the world works and finding smarter ways to do the simple actions that make up our daily lives. We recognise that societal needs not just conventional economic needs, define markets, and social harms can create internal costs for firms over the long term.

"We recognise that as a leading printing and print services company globally we have a responsibility to establish a benchmark for sustainability."

We are aligning our policies and operating practices in such a way that they enhance the competitiveness of the company while simultaneously advancing the economic and social conditions in communities in which we operate.

At Printcare, we are working towards a more sophisticated form of capitalism, one imbued with a social purpose, a purpose that will arise not out of charity, but out of a deeper understanding of competition and economic value creation.



K. R. Ravindran
Chief Executive Officer

COMPANY PROFILE

Founded in 1979, Printcare has evolved into one of South Asia's most respected printing, packaging and digital media solutions providers. The Company has one of the most technologically advanced plants in Asia with customers in five continents.

Printcare started in a small warehouse, servicing the nascent tea bag market in the early 1980s. It was a pioneer in developing packaging for the tea bag industry in Sri Lanka and the developing world. In time, Printcare became an integral part of the tea bag industry. It is now one of the leading producers of tea bag tags and sachets in the world.

The company in turn began to expand its skills by investing in newer technologies and human skills to offer its clientele a more varied choice, more improved and innovative products. In time, Printcare moved into other niche packaging, and digital media growth markets. Today our customer portfolio includes firms in almost all industries including Tea, Apparel, FMCG, Telecommunications, Publishing, Education and Lotteries. For added customer convenience, our innovative and world-class printing and packaging service capabilities are available at multiple locations.

PRIMARY BRANDS

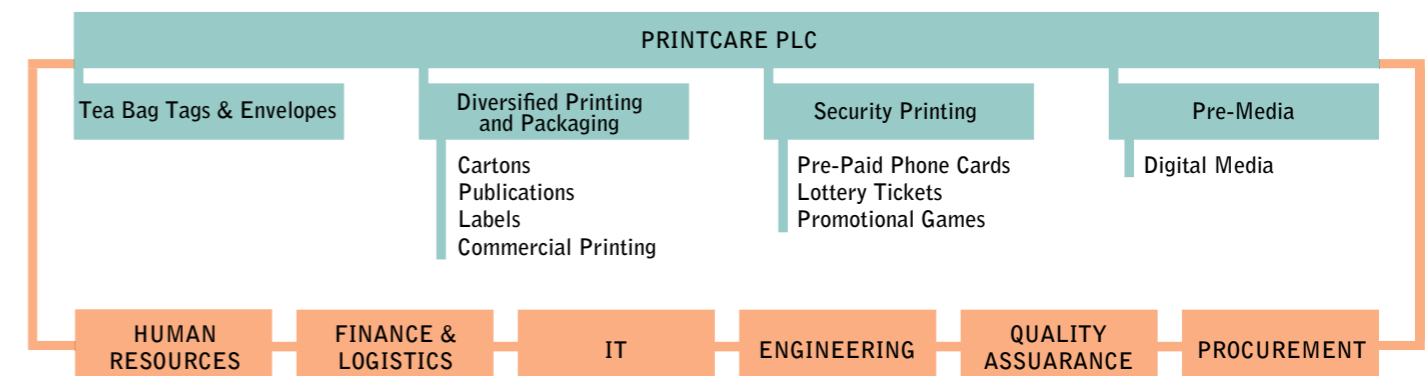
Printcare PLC was incorporated in Colombo in 1979 as a Private Limited Liability company and was converted to a Public Limited Liability company in 1994.

While its holding company Printcare PLC and three operating subsidiaries Printcare Universal (Pvt) Ltd, Printcare Secure Ltd and Printcare Pre-media Ltd are located at 77, Nungamugoda Road, Kelaniya, it has two operating subsidiaries Printcare Packaging (Pvt) Ltd and Printcare Publishing (Pvt) Ltd, located at Kadawatha as well as two overseas companies, Printcare India (Pvt) Ltd and Veyron Media Services (Pvt) Ltd.

Our primary focus is delivering our customers with a wide range of printing and packaging material that enhance total customer satisfaction and meet their expectations. We provide our printing and packaging solutions in a vast array of products and industries ranging from tea bag tags and envelopes to cartons, security printing, publications, commercial printing and digital media.

We collaborate with our partners in order to consistently provide superior and innovative products, services and customer expectations. When manufacturing our products we use specialised human skill and cutting edge technology in our printing process. We also outsource certain non-core processes as a value adding activity in order to serve the best quality product to our customers at a cost effective price.

OPERATING STRUCTURE



The primary products and the main divisions of the group are given in the above diagram.

SCALE OF THE COMPANY

In the year under review our total employee population was 610 and the revenue amounted to Rs. 3.25 billion. The total equity and debt for the year ended 31 March 2012 was Rs. 1.18 billion and Rs. 0.66 billion respectively. The net asset value for the same period was Rs. 1.13 billion.

There were no significant changes during the reporting period regarding any acquisition, investments and restructuring.

AWARDS

National Chamber of Commerce	National Business Excellence Award 2011	
	Gold	Excellence in Printing and Related Services
Sri Lanka Association of Printers	Collate Awards	Customers / Products
	Gold Star - Cartons	Harrods 12 Teas Christmas
	Gold Star - Posters	A Twist in the Tale Galle Literary Festival 2010
	Silver Star - Cartons	Basilur - NK
	Silver Star - New Innovations	NK
	Bronze Star - Cartons	Knuffel Bear with Light
	Bronze Star - Labels & tags	Alex Meijer & Co.
	Bronze Star - Point of Sale Material	Johnson baby care pack
STING Corporate Accountability Index 2012	Bronze Star - New Innovations	J. Cortes
	Gold Classification	Ranked 10 out of 63 companies
Business Superbrand		

ACCREDITATION

ISO 9001:2008 Quality Management Systems



Printcare PLC
Printcare Universal (Pvt) Ltd
Printcare Packaging (Pvt) Ltd
Printcare Secure Ltd
Printcare India (Pvt) Ltd

ISO 14001 Environmental Management Systems



Printcare PLC
Printcare Universal (Pvt) Ltd
Printcare Secure Ltd
Printcare Pre-Media Services (Pvt) Ltd

ISO 22000:2005 Food Safety Management



Printcare PLC
Printcare India (Pvt) Ltd

BRC/IOP Issue 3 – Global Standard for Packaging and Packaging Material



Printcare Universal (Pvt) Ltd - The only Printing Company to be certified as BRC/IOP

A man is judged by the company he keeps...



A company is judged by the clients it serves...



Need we say more?

REPORT PARAMETERS

REPORT PROFILE

The Printcare Group, with the commitment to sustainability and its attempt to achieve excellence through continuous improvement has enhanced its reporting practices to this year's Sustainability Report in accordance with the criteria pertaining to B level of the Global Reporting Initiative guidelines (GRI-G3).

This report covers the period 1 April 2011 to 31 March 2012. We follow an annual reporting cycle thus our last published Sustainability report appeared in the Printcare Annual Report of 2011 which was published on 31 May 2011. This illustrates the outcome of the group's sustainability performance and commitment in all three aspects of economic, environment and social areas for the given period.

This is our second sustainability report published based on GRI guidelines. As last year, a third-party check has been conducted by STING Consultants to confirm the reported GRI application level. Their third-party checked statement can be found in page 47. Up to date we have not pursued an external assurance of our sustainability reporting, but we are working towards obtaining an assurance in the future.

REPORT SCOPE & BOUNDARY CONSENSUS

At Printcare, our business objectives take the shape of those of our stakeholders. Consequently, the fundamental topics in our report were defined by the issues drawn upon by them. These issues were determined by assessing the impact we have on our customers, employees, suppliers, shareholders, environment, business partners, and the community we operate in. This year report outlines two additional domains of sustainability apart from the four last year: 'Economic Performance', 'Environmental Impact', 'Printcare Workplace', 'Business Ethics', 'Product Responsibility' and 'Community Involvement'.

The scope of the report has increased from last year by 23 indicators. Therefore, in total we are reporting on 33 GRI performance indicators in this report. The selection of these indicators were done by analyzing all GRI performance indicators to identify which would be more relevant to our operations and which ones would help us the most in improving and monitoring the company's broader concepts of sustainability through economic, environmental and social conditions. We will continue to update and reorganise these indicators based on our evolving strategies and objectives. The comparative figures for the indicators are only given for the previous year's indicators.

In comparison to last year's report the location wise data have been consolidated into Western Province figures to show the company's contribution towards the economy of the Western Province as a whole, as opposed to the Kelaniya/ Kadawatha figures presented in 2010/11 report. Apart from this there are no other restatements of any information provided in the previous report.

Data measurement techniques and the bases of calculations, including assumptions and techniques applied to the compilation of the indicators and other information in the report are in accordance with indicator protocols provided under the GRI (G3) Sustainability Reporting Guidelines except for EN1. Justification for the deviation regarding this is stated under 'Consumption of materials and recycle materials used.'

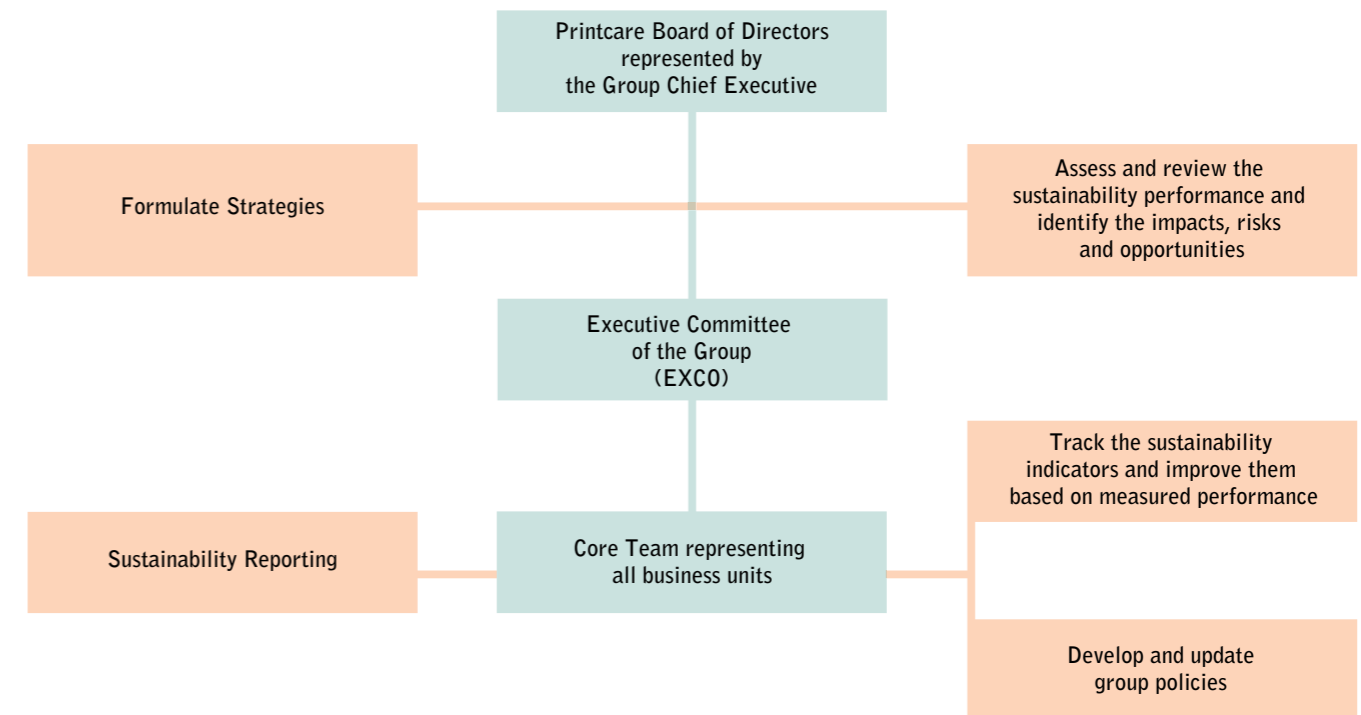
The boundaries of this report have been limited to our Sri Lankan operations. Hence, this report will contain information relating to the subsidiaries that are located at our Kelaniya & Kadawatha locations, unless otherwise stated. We have decided to limit our scope to Sri Lankan operations so that we can focus on positioning a precise sustainability approach throughout the group in times to come and gradually improve our reporting by emphasizing on our strategy of achieving excellence through continuous improvement. The indicators reported are based on the boundary and scope mentioned above. However, the economic indicators EC1 and EC3 represent the entire group and are not subjected to the above limitations.

PRINTCARE'S SUSTAINABILITY MANAGEMENT APPROACH

During the year we set up a Sustainability Committee in order to measure, monitor and improve various sustainability issues. The scope of the sustainability committee is to monitor all operations of our group to ensure that they are being carried out in a sustainable manner and improve the social and environmental impacts of these operations. The sustainability committee is headed by the Managing Director and consists of the Executive Committee of the group. The core team, which reports to the Executive Committee, and which includes representatives from each business unit, are involved in tracking and implementing measures to improve the sustainability performance against the indicators chosen. All sustainability impacts and performance will be communicated to the Board level by the Managing Director. This communication process has made sustainability and integral part of decision making process from the Board level down.

This year the committee's focus was mainly on selecting the additional GRI indicators that are more relevant to our business and formulating a systematic method to obtain information for these indicators. Our focus for the coming year would be to improve these indicators by setting targets and modifying them so that it will display the progression we have made with regard to these indicators.

SUSTAINABILITY COMMITTEE STRUCTURE AND RESPONSIBILITIES



PROGRESS & PLANS

Area	What we did in 2012	What we plan to do next
Printcare Sustainability Committee	<ul style="list-style-type: none"> ■ Set up a Sustainability Executive Committee to access the improvements and drive the Sustainability Committee ■ Set up a Core - Team including representatives from HR, Finance & Logistics, IT & ERP, Engineering, QA, Procurement and Production to track the sustainability performance ■ Selected additional indicators to be reported for the year ■ Formulated a system to track the chosen sustainability indicators ■ Identified and solved issues raised when reporting these indicators ■ Found ways to improve them based on measured performance 	<p>Improve or update existing GRI indicators to maximise the group's ability to track the progress</p> <p>Set targets for the selected indicators and develop improvement plans</p> <p>Improve stakeholder engagement process/policy for Customers, Employees, and Community</p>
Economic Performance	<ul style="list-style-type: none"> ■ Developed a method to identify procurement expenditure on local suppliers of the group 	
Environmental Impact	<ul style="list-style-type: none"> ■ Created employee awareness on the Environmental Policy, objectives, and the actions they should take in order to achieve these ■ Fixed water meters to obtain the amount of water withdrawn from the ground ■ Identified different waste items generated by each factory, the collection points and initiatives to control these waste ■ Implemented a paper conservation project for waste paper generated at offices ■ Identified the materials used to be reported by screening the material consumption of the group ■ Implemented a system to measure the recycled materials consumed 	<p>Complete the Paper Conservation Project</p> <p>Implement system to measure and prevent waste generation from factories</p> <p>Upgrade Effluent plant</p>
Printcare Workplace	<ul style="list-style-type: none"> ■ Implemented a work place policy and created employee awareness ■ Updated the open communication policy ■ Developed a process to calculate employee training hours per employee category ■ Created awareness and gave training to the employees on human rights ■ Developed an Anti-corruption policy and employees were made aware of the policy and procedure on whistle blowing ■ Implemented a process to identify corruption within the business units 	<p>Increase awareness among all employees of corporate policies and feedback mechanisms</p> <p>Implement the process to identify corruption within the business units</p>
Community Involvement	<ul style="list-style-type: none"> ■ Implemented a social policy and create awareness among the employees 	<p>Community projects focusing on sustainable school infrastructure, English, Maths, Science and Technology education</p>

COMPLETED ■ ON GOING ■

STAKEHOLDER ENGAGEMENT

We consider 'stakeholders' as any individual or party that has an interest in our group, and who are affected by, or can affect our organizational activities. In certain cases, these stakeholders are the very core of our existence. A business cannot survive without the support and the cooperation of its stakeholders. Every business activity we undertake to achieve our mission or objectives calls for us to continuously interact with all these stakeholders and it is critical that we develop a close relationship with them based on trust and openness to reach better understanding on a variety of important issues.

Stakeholder engagement is an integral part of our effort to align our sustainability strategy with our business strategy. We have identified groups that have a 'stake' in our business, our partners, and engage and communicate with these groups in order to provide them with information whilst also hearing their views and responding to any key concerns they may have.

RELATIONSHIP WITH OUR MAIN STAKEHOLDERS

Stakeholder	Why they are our key stakeholders and the importance of engaging with them	How we engage	Key Issues	How we respond to these issues
Customers	<p>They are the reason we are in business. We exist to serve them.</p> <p>By engaging with our customers we can broaden our understanding on our customer needs and expectations. This will help us identify the areas of our business that needs to be improved and will also assist in building customer loyalty.</p>	<p>Meetings are held weekly, monthly and annually</p> <p>Customer visits</p> <p>CustomerService Questionnaire</p> <p>Printed Reports</p> <p>Corporate website</p>	<p>Product quality</p> <p>Service standards</p> <p>Price</p> <p>Sustainable practices</p> <p>Product innovation</p>	<p>Adhering to various quality standards such as ISO, BRC/IOP etc</p> <p>Sourcing of more environmentally friendly raw materials</p> <p>Constantly finding solutions to reduce cost</p> <p>Introduction of innovative new products</p> <p>More involvement with the community and environment through sustainable practices (Discussed further under community involvement)</p>
Employees	<p>They are the foundation that our business is built on.</p> <p>Employee engagement will help to retain and motivate our employees and to maintain an organizational culture formed by respect, honesty and fairness.</p>	<p>Workers' Representative Meetings</p> <p>Open Door Policy</p> <p>Detailed Semi Annual Performance review</p> <p>The Internal newsletter 'Vision' which is published twice a year</p> <p>Intranet</p>	<p>Remuneration and benefits</p> <p>Career progress</p> <p>Health & safety</p> <p>Organizational ethics</p>	<p>Performance Evaluation Development Plan (PEDP) systems have been implemented which facilitate transparent evaluation, dialogue and performance based remuneration and rewards.</p> <p>Conduct various training programmes and learning initiatives.</p>

Stakeholder	Why they are our key stakeholders and the importance of engaging with them	How we engage	Key Issues	How we respond to these issues
Investors/ Shareholders	They provide funds for our business. Shareholder engagement is important for us to have access to growth capital.	Annual General Meeting Distribute quarterly financial reports that provide timely feedback on our financial performance Website with frequent updates	Investor returns Strong governance Risk management Sustainable growth	Continuously developing measures to improve governance and reduce risks Launching new products Investing in new machines and facilities
Suppliers/ contractors and Business Partners	Coexist to fulfill customer needs. Suppliers can be used as a resource to develop business efficiencies and innovative products	Regular meetings with suppliers and business partners. Conference calls and emails	Fair business practices and collaboration on new developments	Products are purchased only from qualified sources Supplier performance is monitored through SAP semi annually
Environment and facilities	We affect the environment we operate in. We consider environmental engagement important as it will help reduce our environmental footprint by pursuing in better environmental management practices.	Ongoing meetings to design environmentally friendly systems, processes and products Environmental audits are carried out as part of ISO 14001 Implementation	Waste Use of materials obtained from sustainable sources Resource consumption	Monitoring and managing our waste Implementing initiatives to reduce the impact to our environment (Discussed further under environmental impact)
Local community	To maintain our reputation and gain the full support of our neighbours. This will improve better communication which will promote enhanced community relations.	Regular meetings with key community institutions Corporate Social Responsibility programmes	Health & safety Economic welfare Education of children	Engaging in various projects towards the benefit of the community (Discussed further under community involvement)

IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO SUSTAINABILITY

Managing risks and opportunities is an integral part of business management and are essential to the sustainability and growth of the business and safeguarding the shareholder's investment and customer service.

TRIPPLE BOTTOM LINE	IMPACTS	RISKS	OPPORTUNITIES
Economic	High cost incurred due to increase in waste and non-renewable resources	Due to high costs business may not be able to meet sustainable targets Volatile exchange and interest rates	Create new areas of competitive advantage and reduce costs while reducing the environmental impacts of our manufacturing processes and products Continuously improve our rate forecasting abilities and maintain constant communication with institutions that can advise us in advance of potentially harmful movements
Environment	Increasing consumption of resources such as water and energy Changing customer taste towards sustainable packaging products	Cancellation of the Environmental Protection License Cancellation of the ISO 14001 Environmental Management Systems certification Competitive threat from early adopters of sustainable packaging	We are reducing the environmental impacts of our manufacturing processes and products to create new areas of competitive advantage and reduce costs To become a leader in sustainable packaging, creating new areas of competitive advantage through supply chain partnerships and product life cycle assessments
Social	Improvement of Health & Safety of employees Increasing job opportunities due to expansion of business	Increase in employee turnover Loss of community support for our business Inability to attract good talent	To become internationally recognized for our safe work practices and to share our expertise with our suppliers and customers to help them achieve their own health and safety goals To build effective partnerships and seek constructive dialogue with the communities in which we operate

SUSTAINABILITY PERFORMANCE

"Sustainability is Business' commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life."

- World Business Council of Sustainable Development (WBCSD)

At Printcare, we believe that sustainability should not stand alone, being an efficient and profitable business and being a good steward of the environment are goals that can work together. Therefore, we adhere to this transparent, triple bottom line approach incorporating the economic, social and environmental aspects of our activities.

ECONOMIC PERFORMANCE

PRINTCARE ECONOMIC POLICY

We are aware of our responsibility in the area of financial performance and that our economic contribution is not only towards our shareholders and employees, but towards all of our stakeholders. Over the last two years we have been moving towards the management of all three aspects of our business namely economic, environmental and social performance.

ECONOMIC VALUE STATEMENT

The Economic Value Statement given below outlines the financial contributions made in respect of, dividends to shareholders, salaries and wages to employees, taxes paid to government, and social investments in communities.

More detailed information relating to operating costs, employee salaries and benefits accruing to shareholders are given in our financial statements. This statement depicts the other two aspects of the value added statement - payments to government and community investment.

ECONOMIC VALUE STATEMENT For The Year Ended 31 March 2012

	2012		2011	
	Rs.'000	%	Rs.'000	%
Direct Economic Value Generated				
Revenue	3,249,865	100%	3,446,702	100%
Other Income	4,088	0%	2,845	0%
Total	3,253,953	100%	3,449,547	100%
Economic Value Distribution				
Operating Cost	2,303,048	71%	2,498,509	72%
Employee Wages & Benefits	499,807	15%	444,890	13%
Payment to Providers of Funds	144,543	4%	137,728	4%
Payments to Government	19,309	1%	49,388	1%
Community Investment	639	0%	480	0%
Total	2,967,346	91%	3,130,995	91%
Economic Value Retained				
Depreciation & Amortization	175,335	5%	169,058	5%
Retained Profit	111,272	3%	149,494	4%
Retained for Reinvestment/Growth	286,607	9%	318,553	9%

DEFINED BENEFIT PLAN OBLIAGTIONS

Printcare provides a retirement plan for its workforce by using general resources to pay the obligations to retired employees.

Retiring employees with more than 5 years of service are entitled to half of the last months' salary for every year of service on retirement or termination of service under the Payment of Gratuity Act No. 12 of 1983.

DEFINED CONTRIBUTION PLAN OBLIGATIONS

According to the terms of Employees' Provident Fund (EPF) Act No. 15 of 1958 and its subsequent amendments and Employees' Trust Fund (ETF) Act No. 46 of 1980 and its subsequent amendments, employees are eligible for EPF and ETF contributions. The companies contribute the relevant percentages of the eligible gross emoluments of employees to the respective provident funds and to the Trust Fund respectively, both of which are externally funded.

In relation to the rules of the provident fund, to which such contributions are made, the group contributes 12 per cent as the employers' contribution and the employees contribute 8 per cent to their respective provident funds managed by the Central Bank of Sri Lanka. Further, the group also contributes 3 per cent to the Employees' Trust Fund managed by the Department of Labour.

	2012 Rs.'000	2011 Rs.'000
Employer contribution to the trust fund	6,765,395	5,999,706
Employer contribution to the provident fund	27,388,142	23,923,004

FINANCIAL ASSISTANCE FROM GOVERNMENT

Printcare has not received any significant financial assistance from the government during the reporting year.

SUPPLY CHAIN

Suppliers are considered as a key stakeholder of Printcare. When selecting suppliers they are evaluated primarily on price, quality, lead time, service level and reliability. However, in certain cases a particular material may be available with only one supplier in these occasions the company will not assess the supplier based on all these criteria.

In 2012, Printcare had a total procurement expenditure of 1.74 bn spent as production expenses, of this 15% was spent on locally-based suppliers and 85% was spent on products sourced abroad. As a policy wherever possible the group always tries to procure goods & services that meet with our standards and requirements from local suppliers. However, due to the nature of the business, we source the material according to our customer requirements, therefore the proportion of spending on locally-based suppliers is limited. The quality and availability of materials are two of the main factors that affect whether a local or international supplier is selected. Depending on the customer requirements, specific materials may not be available in the local market leaving the company no choice but to import them. In some cases even though certain materials are available in the local market it may be low quality and therefore the performance of the material may be very poor. In these circumstances the material needs to be imported. At Printcare, the quality of raw materials can never be compromised on as we provide our customers with the highest quality products.

ENVIRONMENTAL IMPACT

PRINTCARE ENVIRONMENTAL POLICY

We are dedicated to being an environmentally responsible company and will integrate design for the environment in to all our operations and products.

We will achieve and maintain a Green environment through,

- Complying with all the regulatory requirements and social responsibility requirements.
- Continuous improvement in environmental aspects by establishing responsibility, objectives and targets and reviewing environmental performance.
- Educate and involve all stakeholders in the implementation of environmental objectives.
- Considering the environmental impact of all our business decisions.
- Minimize consumption of resources obtained through unsustainable sources.
- Implementing energy efficient plant, machinery and equipment where possible.
- Providing environmental awareness training and job specific training on environmental issues where required.
- Preventing pollution to land, air and water within the extent of our business operations.
- Adopting a comprehensive waste management system.
- Reduce waste where possible and increase the reuse and recycling of resources.
- Maintain and enhance internal procedures for environmental emergencies and remediation.

We are committed to continually improving our environmental performance by seeking opportunities to exceed current standards of environmental protection.

The environmental commitment of Printcare is manifested at a glance by the tranquil view of the cascading waterfall, ponds and lawns in our factory. Implementation of environmental management systems such as ISO 14001 signifies our environmental commitment. Efficient use of resources has been built in to our culture.

GREEN TEAM

This is the second successful year of the Green Team, which was formed to drive the ISO 14001 Environmental Management System. The team consists of representatives from different departments. They meet periodically to discuss and provide various solutions to reduce Printcare's environmental impact. There are four key steps that are promoted by the Green Team across the group and which are integral to the life cycle of our environmental initiatives.

- Assess the surroundings and identify the areas of highest environmental impact at present.
- Design and implement initiatives to minimize their environmental footprint.
- Ensure the integrity of the implemented initiatives we operate.
- Obtain feedback and data on the success of the initiative when concluded.

CONSUMPTION OF MATERIALS AND RECYCLED MATERIALS

At Printcare, a wide variety of materials are consumed throughout the group therefore it is impossible to report on all material types. For this indicator we have filtered the highest consumed raw materials across the reporting companies. The materials presented below are the materials that directly affect the cost of the products. Tracking these materials has facilitated us to monitor material efficiencies and cost of material flows.

Raw Materials	Total Amount
Paper and Board	10,903 MT
Varnish	150 MT
Ink	131 MT
Plates	18,717 Nos
Die-cutters	4,781 Kgs
Corrugated Outers	137,990 Kgs
Foils	742,127 Meters
Oil	2,030 Liters

We are unable to give the total weight of plates as it is recorded in our system in numbers, and an average weight cannot be calculated in these as different sized plates are used at different factories. Die-cutters and corrugated outers are also recorded in numbers in our system but we have given the estimated weight by calculating the average weight of these. Plates, Die-cutters and corrugated outers are reused for certain jobs however, the figure given above does not show the reused amounts, it only gives the materials that have been issued for production.

Out of the total 10,903 MT paper and board consumed, 27% was recycled material. All corrugated outers are made out of recycled material. The use of recycled paper and board is quite low as it depends on the customer requirements. The cost of recycled board when compared with virgin fiber board is high and selection of these materials is mainly our customer's decision. However, we use recycled paper and board wherever possible. Most of the paper and board procured by us are made out of FSC certified fibers. We always source FSC certified paper and board for our internal jobs such as annual reports, brochures etc.

A procedure was developed by our SAP team to send Purchase orders to the vendors by generating an email through SAP. This saves paper and labour hours. Earlier this was done by printing the purchase orders and faxing them to the suppliers.

As another testament of our environmental commitment, for certain products we have started using more environmentally friendly inks that are mineral oil free, and are made of renewable resources and non fossil carbon content. This also falls back to our customer's decision therefore due to the large price difference the use of these inks is currently quite low. However, we continue to promote these among our customers and aim to increase the consumption. We have also successfully tested soy based ink which is more environmentally friendly than the traditional petroleum based inks. We wish to pursue the use of soy based ink in the future.

ENERGY

Our goal is to minimize the impact of energy related environmental damage by implementing a variety of initiatives to reduce energy consumption. In achieving our goals we are constantly updating ourselves in keeping up with latest technology and best practices of energy management.

DIRECT ENERGY CONSUMPTION

For the year under review a total of 1455 GJ of energy from diesel was consumed for the generator. In order to save diesel consumption we use the generator only during lengthy power cuts. Hence, we switch on the generator only if the power cut is more than 10 minutes long. To control the fuel consumption of vehicles and to reduce carbon emission we encourage car pooling and try to reduce staff travel where ever possible.

INDIRECT ENERGY CONSUMPTION

Electricity for Printcare is supplied by three main sources, Colombo Electricity Board (CEB), Lanka Electricity Company (Pvt) Limited and the generator. The table appearing below clearly indicates the group's indirect energy consumption.

	2012		2011	
	Kilo Watt hours (kwh)	Giga Joules (GJ)	Kilo Watt hours (kwh)	Giga Joules (GJ)
Gen Units	147,806	532	106,392	383
LECO Units	4,246,781	15,288	4,400,675	15,842
CEB Units	1,307,683	4,708	1,437,390	5,175

ENERGY CONSERVATION AND EFFICIENCY IMPROVEMENTS

The group had several initiatives in place to reduce energy usage.

- Employee awareness on efficient energy use is raised by conducting periodic awareness programmes and putting up posters and stickers with energy saving tips around the office and the factory to promote efficient use of energy.
- All companies adopt a "switch off" policy that has helped spread the message of energy conservation across the group.
- We are in the process of planning our production to suit the new electricity tariff plan in order to minimize machine usage at peak hours.
- The air conditioner usage is reduced as now it is switched on and off only 15 minutes before the normal office hours.
- Other measures such as power conservation during non working hours, investment in Energy Star compliant office equipment, usage of CFL bulbs are used to increase energy saving.

WATER

Printcare is aware that water is a precious and increasingly scarce resource. Therefore, usage of water is carefully monitored by auditing all the processes that use water and implement improvements wherever necessary.

Primary source of water is from the National Water Supply & Drainage Board.

	2012	2011
Water withdrawn from municipal water supplies (m ³)	34,674	35,179
Water withdrawn from the ground (m ³)	1,118	-

Installation of water meters to measure the water withdrawn from ground was done in September. Therefore, 1,118 m³ water withdrawn from the ground depicts only the water withdrawn from September onwards. The well water is used for car washing and gardening purposes.

Our Kadawatha plant has implemented a measure to reuse the air conditioner condensate water for gardening purposes.

WASTE MANAGEMENT

Printcare maintains a responsible stance in dealing with its waste. A variety of waste materials are generated within the companies of our group. Our Green Team is constantly seeking for mechanisms to dispose the waste in a responsible manner and minimize the waste generated and the impact on the environment.

No hazardous waste is generated from any of our companies within the group. The total non hazardous waste is depicted in the below table. However, we are unable to present all our waste by weight as we record some waste in numbers for our record purposes. Therefore, the total waste is given in kilograms and numbers below.

	2012
Non-Hazardous waste (kg)	3,342,546
Non-Hazardous waste (Nos)	18,067

More details of the different forms of waste generated by our companies during the year are presented below.

WASTE TYPE	DISPOSAL METHOD
Paper & cardboard (kg)	96% Recycle 4% Sold for reuse
Polythene & plastic (kg)	Recycle
Used offset plates (kg)	Recycle
Scrap Iron (kg)	Recycle
Shredded Boards (kg)	Discarded
Contaminated Cotton Waste (kg)	Discarded
Paper Cores (kg)	Sold for reuse
Gold Foil (kg)	Sold for reuse
Waste oil (kg)	Sold for reuse
Plastic pallets (Nos)	Sold for reuse
Iron Barrels & Tins (Nos)	Sold for reuse
Used Blankets (Nos)	Sold for reuse
Wooden Pallets (Nos)	Sold for reuse
Hard Board (Nos)	Sold for reuse
Scrap Machine (Nos)	Sold for reuse
Plastic Barrels & cans (Nos)	Sold for reuse

These waste mentioned above is recycled, sold for reuse or discard through a responsible party. The contaminated cotton waste that is used to clean the machines and mop up inks cannot be discarded without proper treatment. Therefore, these are collected separately and incinerated.

Food left over at the staff and worker lunch rooms are segregated and are collected daily and given to farms in the area for use as input material.

In the factories, when the illumination of the tube lights drop by a certain percentage it needs to be changed. Disposing of tube lights should be done in a proper manner as it is harmful to the environment. Until recent we didn't find any solution to dispose these lights in an environmentally friendly manner. Therefore we had it stored in storage. However, now we are in the process of making arrangements to give these used and burnt tube lights for recycling purposes to an authorised entity. The lights where 90% can still be used are resold at the company welfare shop to employees at a very nominal price.

Contaminated waste water from the factories is discharged only after it is treated at the effluent treatment plant.

Paper conservation project was started in January to collect and recycle the waste paper in the offices. The main objective of this project was saving trees and reducing amount of waste paper. The waste paper collected in the offices is segregated and is sent for recycling purposes. According to the contractor's report the indirect impact of this project from January to March is as follows.



PAPER COLLECTED	INDIRECT IMPACT SAVINGS				
	TREES	OIL	ELECTRICITY	WATER	LANDFILL
1440 kgs	24 nos	2,527 liters	5,760 kwh	45,763 liters	4m ³

A large surplus of unwanted electronics items "E-waste" were accumulated in our storage due to obsolescence and break downs. Since disposing these to landfills causes intense impact to the environment in February we gave all our E-waste to a CEA approved E-waste solutions provider.

During the year one minor diesel spill was incurred due to a repair in the diesel tank which was in a 1m² area. It was found that there was minimal soil and water contamination. Contamination was prevented by spreading sand and blocking the drainage system.

COMPLIANCE WITH ENVIRONMENTAL LAWS & REGULATIONS

All companies within the group comply with the environmental laws and regulations therefore no fines were paid nor were any impacts on reputation encountered by any of our companies during the year.

INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

While continuously implementing measures to minimize our impact during the production process we are constantly seeking for solutions to mitigate the environment impact by our products. All our products are bio degradable. We have also included products made out of environmental friendly materials such as recycled paper, FSC certified paper, environmentally friendly inks to our product range. We actively encourage our customers to use these environmental friendly materials in their products.

TOTAL ENVIRONMENT PROTECTION EXPENDITURES & INVESTMENT BY TYPE

ENVIRONMENT PROJECT	COST (Rs)
Treatment and disposal of contaminated cotton waste	233,000
External Services for testing the treatment plant	6,000
Purchase of battery operated forklifts	4,400,000
TOTAL	4,639,000

During the year a total of Rs. 4,639,000 was spent on environment protection. Rs. 233,000 was paid to a CEA approved waste handler to dispose the contaminated cotton waste. Treatment plant testing of Rs. 6000 was spent for regular checking done by an external personnel of the proper functioning of the treatment plant. Use of diesel forklifts in enclosed areas such as stores expose workers to diesel exhaust. To reduce the risk of adverse health effects and minimize emission of gas and fossil fuels we invested in battery operated forklifts.

PRINTCARE WORKPLACE

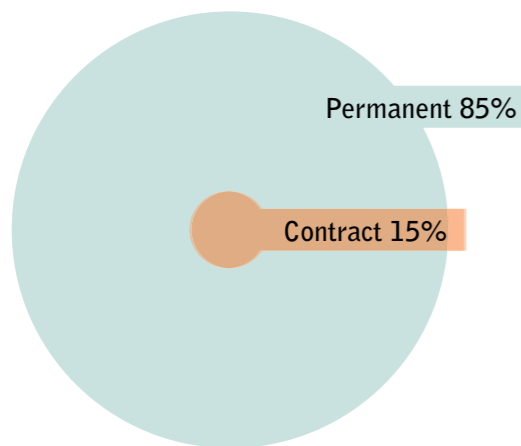
PRINTCARE WORKPLACE POLICY

We value the relationship we have with all of our employees. Printcare's greatest strength is the quality and diversity of our workforce. The success of our business depends on every employee in our company. Therefore, we strive to create a work environment that is safe, ethical and rewarding, where they are valued and inspired to be the best they can be.

Our people are at the core of our ability to continuously deliver innovative solutions to our customers and create value for our shareholders. We actively foster a work environment where individual and cultural differences are respected and valued; and identify and develop leadership capabilities of employees to perform effectively in a variety of environments. Therefore, we have focused our efforts on priorities such as employee development, health and safety, and organizational ethics which will enable us to create and maintain a workplace that attracts, motivate and retain the best people for our business.

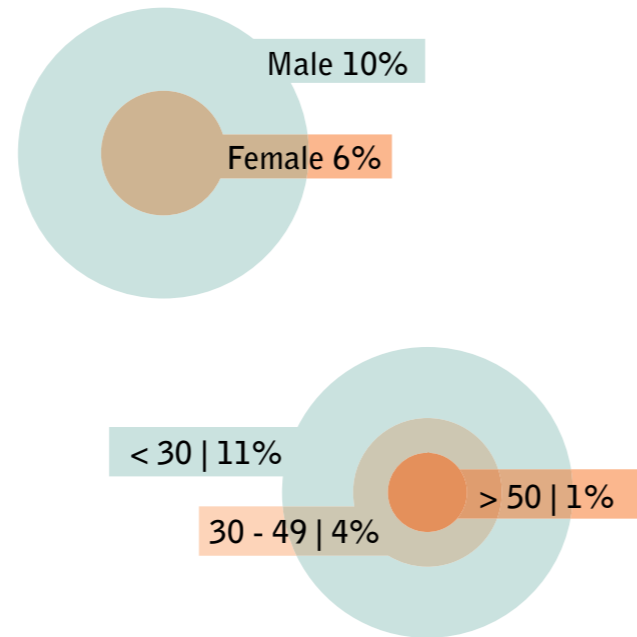
Our commitment to high ethical standards is implemented through our policies and practices in every aspect of our business and at all our plants.

EMPLOYEE POPULATION BY CONTRACT



The total workforce of 610 as at 31 March 2012 were full-time employees. 521 employees out of the total work force were permanent whereas 89 were on fixed term contracts of 1 year. All 6 companies that we report operate in the Western Province.

EMPLOYEE TURNOVER BY AGE, GENDER, AND REGION



An employee turnover rate of 16% was recorded across the Group. A higher turnover rate can be found amongst the male employees and the younger age group. An exit interview is done by our human resources department before an employee leaves the company to get a feedback of their work experience and their reasons for leaving. Based on these exit interviews the main reasons for the employee turnover were overseas migration and for better prospects.

PROCEDURES FOR LOCAL HIRING

At Printcare, we provide diversity and equal employment opportunity to all applicants without any discrimination. Gender, race, colour, religion, or national origin will not affect employment with the company except where proven to have a fundamental impact on the job.

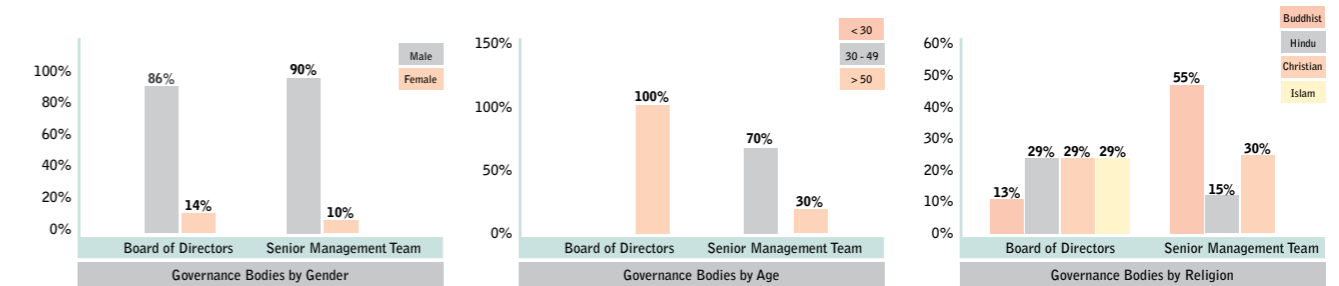
In 2012, there were 21 Senior Managers and out of them except one foreign national all others were Sri Lankans. When recruiting, preference is given to employees from our local community as a retention factor and a social obligation.

CATEGORY-WISE EMPLOYEE BREAKDOWN

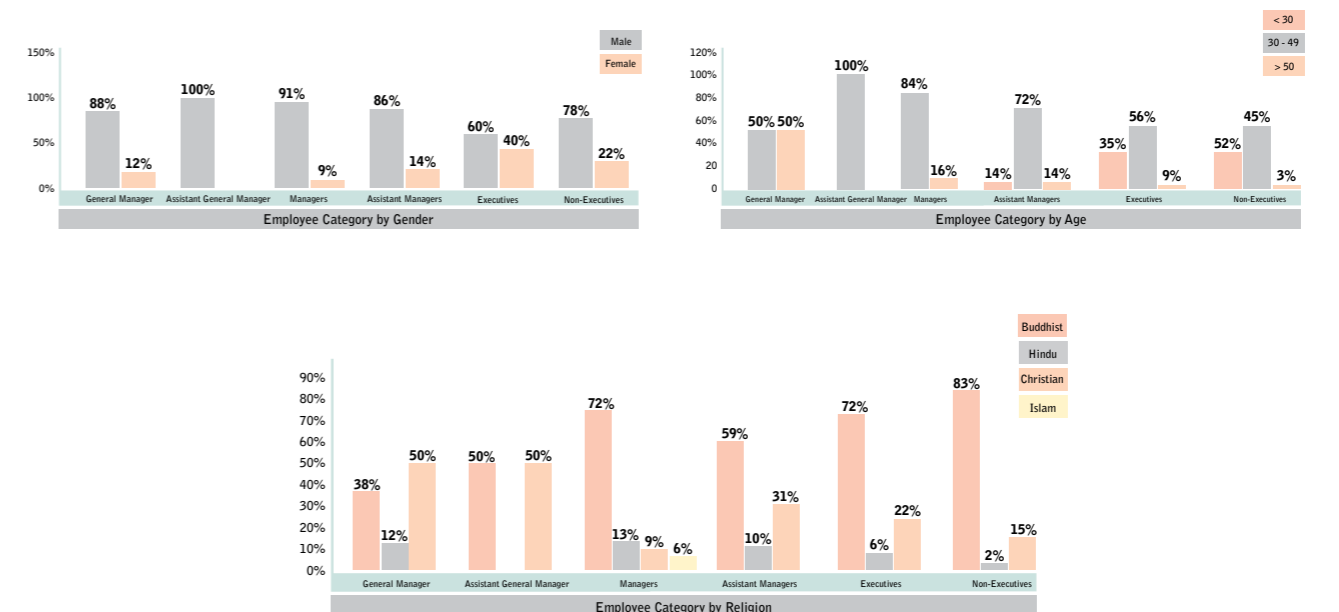
	Board of Directors	General Managers	Assistant General Managers	Managers	Assistant Managers	Executives	Non - Executives	Total
Total	1	8	2	32	29	78	460	610

There are 7 Directors on our Board out of which 6 are Non Executive Directors and are not considered as employees of the Group. Therefore, only the CEO who is an Executive Director is shown in the above chart under Board of Directors. Printcare governance bodies include Board Members, General Managers, Assistant General Managers and Managers.

COMPOSITION OF GOVERNANCE BODIES BY GENDER, AGE, RELIGION



EMPLOYEE CATEGORY BY GENDER, AGE, RELIGION



RETURN TO WORK & RETENTION RATES AFTER PARENTAL LEAVE

Our policies are in accordance with the Shop and Office Employees' Act 19 of 1954 and Maternity Benefits Ordinance. All 138 female employees in the group are entitled to maternity leave. Paternity leave is not recognized under the employment laws in Sri Lanka.

During the year 8 female employees have taken maternity leave. Out of them 3 returned to work after maternity leave ended and 2 are still on leave as at 31 March 2012. To encourage female employees to remain at work we provide them with feeding time and extended no pay leave upon request.

RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY

Printcare ensures that vacancies are filled by individuals who most closely match the needs of the job but also shows the potential for development. Qualified recruits are paid in accordance with the knowledge, skills and experience they bring to the position regardless of their gender. All other compensation is purely based on the performance achieved by the individual and the organization. Therefore, we ensure that all employees receive equal pay for equal experience and performance.

The average salary ratio of men to women is given in the table below.

Employee Category	Male	Female
Managers	1	0.92
Executives	1	0.93
Non- Executives	1	0.73

EMPLOYEE WELFARE

Employees are considered the most valuable resource in our business. Therefore, we at Printcare are dedicated towards the convenience of our employees and provide them the best. The "Welfare Society of Printcare PLC" has been set up with the objectives of assisting our employees in various issues arising at work and arranging welfare activities.

at a discounted rate and also grants credit facilities to its employees for their convenience.

During the year due to the difficulties that our employees have to undergo with the prevailing economic conditions, we have initiated some relief measures by giving a voucher every month for them to buy the essentials for their families from our own welfare shop.



The society provides benefits such as,

- Distress Loan Schemes
- Death Donation Scheme
- School books and stationary to children of employees
- Arrange Easy Payment Schemes

Furthermore, the Welfare Society has set up a mini supermarket known as the "Welfare Shop" within the company premises that provides a vast array of goods

ANNUAL SCHOLARSHIP PROGRAMME

We believe that looking after our employees' needs both within the company and outside is our responsibility. Therefore an annual scholarship programme is held every year to award scholarships to deserving children of our workers. This year the company presented scholarships to twenty-four students. The scholarship covers one year's cost of schoolbooks, clothing, shoes, schoolbags etc.



ATTENDANCE BONUS SCHEME

In recognition of their loyalty and commitment the management holds a tea party with the presence of the Managing Director where rewards are gifted as a token of appreciation every year. The figures below show that the scheme has proved to be a tremendous success to the attendance and thereby has a direct impact on the productivity of the companies.

Year	Number of employees qualified for the rewards
2008	15
2009	31
2010	47
2011	52

HEALTH & SAFETY

A healthy workforce is a necessary foundation for economic growth and critical in achieving our business objectives wherever we operate. Risks associated with health, safety, security, and the environment are inherent in any industry using chemicals and high revolutions per minute equipment. Recognizing these risks, Printcare takes a disciplined and systematic approach to business continuity planning and emergency preparedness.

During the year Printcare recorded an employee injury rate of 0.64% and continue our record since inception of no fatal injuries. The group reported 62 lost days with lost day rate at 2%. The absentee rate of 0.02% depicts the unauthorized leave taken throughout the year. We review all these injuries incurred in a systematic manner and as a result to create awareness among the employees we are in the process of conducting training on accident prevention and occupational safety to all factory workers.

We strive to provide a safe work place to our employees by focusing on process safety. Therefore, relevant standards and procedures have been incorporated into our facility, design, construction and start-up activities. We provide all workers and staff who are in the factory with safety shoes, gloves, ear muffers, helmets and caps etc. During the year under review, 4 training sessions were conducted by the District Factory Inspecting Engineer of Gampaha on safety procedures inside the factory for 83 employees. Apart from this we have conducted 60 hours of employee training on health and safety through our internal training personnel.

The Group once again conducted a medical screening campaign for all personnel of Printcare. Medical Examination was carried out on all employees and advice was given to them based on their reports. Seventy percent of the cost was sponsored by the Group.

To assist the employees with their health and safety concerns we have established a first aid team and a fire team within our group. Every three months the fire team holds review meetings and fire safety training is conducted by the Fire Brigade twice a year for all fire team members and a fire drill is conducted once a year for all employees of the group. First Aid training is also given by the Red Cross to our first Aid team on an annual basis.



EMPLOYEE TRAINING & DEVELOPMENT

To realize the vision of achieving excellence, we ensure that all employees are given adequate training to perform their jobs effectively and efficiently. Recognizing the competence of its human resource is a critical factor for a company's future progress and prosperity, especially in the face of global competition. At Printcare, employees are provided with numerous opportunities and tools for progression, development and interaction. We also encourage the personal development and satisfaction of the employees through open dialogue and career development goal setting in line with the company's employment practices.

Employee training programmes and other learning initiatives are an integral part of the Printcare Human Resources vision. Training is considered by us as one of the best tools to motivate and support individuals. Specific training needs are identified among the factory workers through a gap analysis which is done by the managers and supervisors every six months to determine the skills and knowledge needed to be improved by each worker. While at the staff level it is identified through the performance appraisal done twice a year. Depending on the requirements recognized from these two mechanisms individuals will be given opportunity to attend training programmes. Apart from this various other training sessions are organized to enhance our employee skills.

We conduct four categories of training.

- Induction & Orientation
- Work-Life Development
- Technical Competencies Development
- General Competencies Development

Printcare organized over 120 training programmes this year.



Employee training hours category wise is given below.

Employee Category	Number of employees	Total hours of training	Average hours of training per employee
General Manager	8	35.5	4.44
Assistant General Manager	2	24	12
Managers	32	73	2.28
Assistant Managers	29	65	2.24
Executives	78	41.5	0.53
Non-Executives	468	254.5	0.55

Printcare has a well developed performance appraisal process where all staff members are reviewed every six months. This is used as a tool of encouragement, to evaluate their performance and to identify the training and development areas. A strategically developed system known as the Performance Evaluation and Development Plan (PEDP) is used to evaluate, challenge and motivate the high caliber management team at Printcare. It is also designed to test the ability and competencies of the managers to deliver on the core values while also recognizing the contributions and initiatives they have made for the company.

This year Printcare celebrated its 2nd PEDP Awards Night to honor the achievement of the managers for the financial year. They were judged on the following categories, Printcare Values, Best achiever in competencies, Best exceptional contributions, Best initiatives, Best Innovation and Best overall performance.

BUSINESS ETHICS

PRINTCARE HUMAN RIGHTS POLICY

Human Rights are the fundamental rights of all individuals, regardless of nationality, gender, race, economic status or religion. Respect for human rights is an integral part of Printcare's culture.

Our practices on Labour and the Workplace management are supported by the principles of the ILO Declaration (International Labour Organization), namely the elimination of child labor, forced labor, and workplace discrimination and the recognition of the right to freedom of association. Our employment practices are governed by the laws and regulations of the country, our inherent commitment to fair and equal employment practices and an overall organizational practice that does not tolerate harassment or discrimination in the workplace.

According to the ILO Declaration we do not employ any person below the age of 18. Similarly, there were no records of any incidents of forced or compulsory labour during the year under review. We do not hold any original birth certificates or any sort of personal document during recruitment. All employees who work beyond normal hours are given transport facilities and workers are provided with a night allowance.

All company policies were updated and included to the new employee hand book which was distributed to all personnel during the year. We also planned to conduct training programmes to create awareness among all group employees of the company policies. We are still in the process of conducting these training programmes in batches. In the year under review 13.5 hours were spent on training of these policies. However, these policies are also available in the intranet and can be viewed by any employee.

There were no incidents of discrimination identified during the financial year. The group is committed in maintaining a work environment of equal opportunities free of discrimination and sexual harassment while keeping up with its Human Rights Policy and sexual harassment policy. The employee charts shown above attest that we have a diversified workforce free of discrimination.

EMPLOYEE COMMUNICATION

Many Human Resource policies and practices have been established to contribute to build employee engagement. Printcare is committed to the highest standards of openness, integrity and accountability. During the year, there were no incidents of grievances relating to human rights recorded. Employees are actively encouraged to express themselves openly if any problem arises relating to work. We practice an "Open Door Policy" which permits all employees to provide feedback to any Senior Manager of the Management team including the Managing Director. The Whistle Blowing policy has also been amended and has been included in the employee handbook which states the mechanism on how to blow the whistle in the event of discovering any malpractice.

We use regular "Worker Representative Meetings" to engage with our workers. These meetings are held once in every two months and are represented by Senior Managers and individuals from each section of the workforce selected by the employees themselves where exchange of ideas and suggestions are made and the necessary actions are taken to solve any issues or concerns.

To further enhance this open communication policy within our group we are in the process of developing our current intranet to widen the opportunity to communicate information and share knowledge.

PRINTCARE TOASTMASTERS

Affiliated to Toastmasters International this is the 3rd successful year of the Printcare Toastmasters club. The club was formed to improve three of the main Core Competencies of Printcare, namely, Communication, Leadership and Team Work. The growth in the membership from 28 to 45 over three years, proves the enthusiasm shown by the Managers and Executives.



VISION MAGAZINE

Our Printcare magazine, "Vision" is published twice a year. This is used as a medium to convey and educate our employees about company events and news.



ANTI-CORRUPTION

Printcare's long standing commitment to doing business with integrity means avoiding corruption in any form, including bribery and complying with the anti-corruption laws of every country in which we operate. The group proclaims a zero tolerance policy towards corruption and bribery in all its transactions.

During the year we developed an anti-corruption policy with the idea of identifying any occurrence of corruption inside the company. This policy is also included in the employee hand book and intranet and in the ongoing employee awareness programme mentioned earlier in Business Ethics. Currently, we do not have a systematic procedure in place to

identify corruption. It was determined that a process to identify organizational risks related to corruption in the group needs to be developed. We have already flagged the potential processes in which corruption could occur. Plans are in place to set up this process and analyze the flagged departments. Presently there were no incidents of corruption identified during the year hence no action was taken in response to incidents of corruption.

Printcare maintained a good track record with compliance with laws and legislation therefore, no fines or monetary sanctions were imposed during 2012 across any company in the group.

PRODUCT RESPONSIBILITY

PRINTCARE PRODUCTS & SERVICES POLICY

We are dedicated to offering high quality products on time while exceeding customer expectation and at the same time maintaining the highest safety standards with regard to environment. We are aware that as a manufacturer we are responsible for the waste we generate not only during the production process but also after the product is discarded.

Many of our products are used for food product packaging. Therefore, it is our responsibility to ensure the safety of food items until consumption.

Therefore, we comply with standards such as ISO 22000 Food safety management systems and BRC/IOP which guarantees that the food is safe at the time of human consumption.

Customer satisfaction is measured annually by sending out customer survey forms. This year 4 business units carried out the survey. It was based on 5 key areas; product quality, delivery dates, response times to complaints and inquiries, effectiveness of preventive actions taken regarding these complains and inquiries and accessibility of Printcare personnel. Their feedback proved that as an average all focused areas were in good levels.

No monetary fines were charged for non-compliance with laws and regulations concerning with products and services.



COMMUNITY INVOLVEMENT

PRINTCARE SOCIAL POLICY

Through collaboration, capacity-building initiatives, creative application of our organizational know-how, and strategic giving, we strive to make the communities where Printcare operates better places to live and learn.

We search for opportunities that create shared value for Printcare, our stakeholders, and society. The trust, credibility, and goodwill that we have built with governments, neighbours, schools, and others in our communities have helped create a positive business environment for Printcare.

We engage and support the surrounding community through initiatives that are mutually agreed upon, sustainable, non-discriminating and beneficial to as many of the community members as possible.

Our community investment initiatives and philanthropy has two main components, economic welfare and education contribution. The group carries out its work both directly by setting up language and learning centers for English Language or IT, and indirectly by supporting learning and education, or facilitating infrastructure for education and growth.



EDUCATION

Infrastructure investment at Sri Dharmaloka School Kelaniya
The group undertook the task of constructing additional sanitation units and refurbishing the existing units which were in a deplorable state for the girls and boys of Sri Dharmaloka College.

Project	Overall Objective	Project Location	Focus Area	Direct Impact
Development of neighbourhood schools	Improve the hygiene levels and uplift the school experience of the children	Sri Dharmaloka College, Kelaniya	Constructing two new toilet units	Students - 1600 Staff - 60

Graphic Students at Printcare

Graphic and Communication Design students from The University of Moratuwa, faculty of Architecture participated for a designed program that incorporated work experience into their ongoing University course for the 2nd consecutive year. The program was a result of collaboration between Printcare and the University of Moratuwa and let the students immediately apply what they were learning in the classroom.

The visit which was described by the Dean of the Faculty as refreshingly enriching and educational, gave the students an insight into an industry they could one day work with, while applying the skills and techniques they have been taught while at university.

We have also built partnerships with Academy of Design Institute (AOD). During the year we had students from AOD visit us few times to acquire training on printing & packaging.



Sponsorship for the computer centre

As an ongoing project Printcare has been supporting financially for the past 5 years helping the youth of the community reach their potential through learning new IT skills. Printcare sponsors the teaching at the Sri Gnananadashrama computer centre that provides the community with computer training to students living around the village. The company has been paying for the cost of the instructor on a monthly basis.

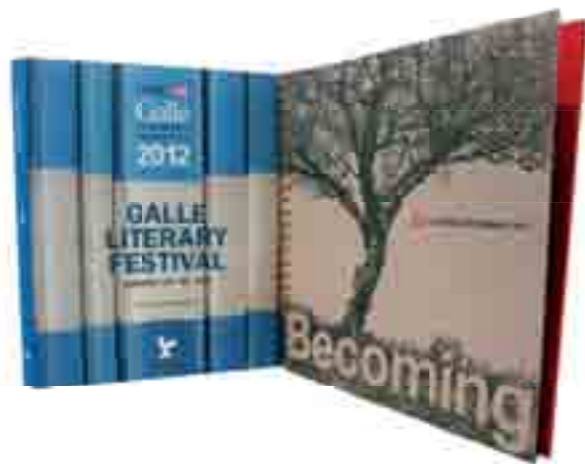
ARTS & CULTURE

Partnership with the Galle Literary Festival

Printcare acted as the print partner for the Galle Literary Festival for the fifth consecutive year. The Festival brings together a cross section of some of the best writers from all over the world, as well as from Sri Lanka. Printcare has supported this event, whose objective is to encourage writers in Sri Lanka, promote learning of English and to promote tourism and the historic city of Galle, from its inception.

Sponsorship for the Colombo Art Biennale Art Show

Printcare sponsored the Colombo Art Biennale second art show "Becoming" by printing the brochure for the show. This show gave Sri Lankan artists an opportunity to share their art alongside recognized international artists.



SOCIAL

Distribution of Food Hampers

During Vesak the group distributes food hampers consisting of dry rations to several destitute families of the Nungamugoda village. This has been an ongoing project for the last few years and they have been able to help over 30 families annually through this project.

Christmas with Suhada Lama Niwasa

The company has been hosting a Christmas party for the physically and mentally handicapped children living at the Suhada Lama Niwasa for the past 10 years. This year 36 children and their minders were at the company grounds to be entertained, and participate in games conducted by various volunteers of the Printcare family. The children themselves participate in the festivities, making it an enjoyable event that they look forward to every year.



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Tel. No. 4941670 Fax: 4209074
Company Registration No: PV 9875

The 2012 Sustainability Report of Printcare PLC has undergone a third-party level check by STING Consultants, against the requirements of the GRI G3 Guidelines, at B Level. The Self-Declared B level of this Report is hereby confirmed to be accurate.

The aim of this statement is to confirm to readers the extent to which the GRI G3 Guidelines have been applied in the preparation of this Report. This does not represent in any way, an opinion on the value or quality of the Report and its content, or of the sustainability performance of the reporting organization.

Tiara Anthonisz
Head of Strategic Corporate Responsibility
STING Consultants

21st May 2012

GRI CONTENT INDEX

Application Level B

STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis			
Profile Disclosure	Description	Reported	Cross-reference
1.1	Statement from the most senior decision-maker of the organization.	■	22
1.2	Description of key impacts, risks, and opportunities.	■	31
2. Organizational Profile			
Profile Disclosure	Description	Reported	Cross-reference
2.1	Name of the organization.	■	23
2.2	Primary brands, products, and/or services.	■	23
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	■	23
2.4	Location of organization's headquarters.	■	23
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	■	23
2.6	Nature of ownership and legal form.	■	23
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	■	23, 24
2.8	Scale of the reporting organization.	■	25
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	■	25
2.10	Awards received in the reporting period.	■	25
3. Report Parameters			
Profile Disclosure	Description	Reported	Cross-reference
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	■	26
3.2	Date of most recent previous report (if any).	■	26
3.3	Reporting cycle (annual, biennial, etc.)	■	26
3.4	Contact point for questions regarding the report or its contents.	■	56
3.5	Process for defining report content.	■	26
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	■	26
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	■	26

3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	■	26
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	■	26
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	■	26
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	■	26
3.12	Table identifying the location of the Standard Disclosures in the report.	■	48
3.13	Policy and current practice with regard to seeking external assurance for the report.	■	26

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	■	12, 13
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	■	12
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	■	12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	■	13, 43
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	■	17
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	■	12
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	■	12

4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	■	02
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	■	13, 27
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	■	14
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	■	14, 31
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	■	13
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	■	13
4.14	List of stakeholder groups engaged by the organization.	■	29, 30
4.15	Basis for identification and selection of stakeholders with whom to engage.	■	29, 30
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	■	29, 30
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	■	29, 30

STANDARD DISCLOSURES PART II Disclosures on Management Approach (DMAs)

G3 DMA	Description	Reported	Cross-reference
DMA EC	Disclosure on Management Approach EC	■	32
DMA EN	Disclosure on Management Approach EN	■	34
DMA LA	Disclosure on Management Approach LA	■	38
DMA HR	Disclosure on Management Approach HR	■	43
DMA SO	Disclosure on Management Approach SO	■	44, 45
DMA PR	Disclosure on Management Approach PR	■	44

STANDARD DISCLOSURES PART III: Performance Indicators

Economic			
Performance Indicator	Description	Reported	Cross-reference
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	■	32
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	□	
EC3	Coverage of the organization's defined benefit plan obligations.	■	33
EC4	Significant financial assistance received from government.	■	33
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	□	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	■	33
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	■	38
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	■	45
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	□	
Environmental			
Performance Indicator	Description	Reported	Cross-reference
Materials			
EN1	Materials used by weight or volume.	■	34
EN2	Percentage of materials used that are recycled input materials.	■	35
Energy			
EN3	Direct energy consumption by primary energy source.	■	35
EN4	Indirect energy consumption by primary source.	■	35
EN5	Energy saved due to conservation and efficiency improvements.	■	35
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	□	

EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<input type="checkbox"/>	
Water			
EN8	Total water withdrawal by source.	■	36
EN9	Water sources significantly affected by withdrawal of water.	<input type="checkbox"/>	
EN10	Percentage and total volume of water recycled and reused.	<input type="checkbox"/>	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	<input type="checkbox"/>	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	<input type="checkbox"/>	
EN13	Habitats protected or restored.	<input type="checkbox"/>	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	<input type="checkbox"/>	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	<input type="checkbox"/>	
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	<input type="checkbox"/>	
EN17	Other relevant indirect greenhouse gas emissions by weight.	<input type="checkbox"/>	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<input type="checkbox"/>	
EN19	Emissions of ozone-depleting substances by weight.	<input type="checkbox"/>	
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	<input type="checkbox"/>	
EN21	Total water discharge by quality and destination.	<input type="checkbox"/>	
EN22	Total weight of waste by type and disposal method.	■	36
EN23	Total number and volume of significant spills.	■	37
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	<input type="checkbox"/>	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	<input type="checkbox"/>	
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	■	37
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	<input type="checkbox"/>	

Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	■	37
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<input type="checkbox"/>	
Overall			
EN30	Total environmental protection expenditures and investments by type.	■	37
Social: Labor Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference
Employment			
LA1	Total workforce by employment type, employment contract, and region.	■	38
LA2	Total number and rate of employee turnover by age group, gender, and region.	■	38
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<input type="checkbox"/>	
LA15	Return to work and retention rates after parental leave, by gender. (G3.1)	■	40
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	<input type="checkbox"/>	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	<input type="checkbox"/>	
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<input type="checkbox"/>	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	■	41
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<input type="checkbox"/>	
LA9	Health and safety topics covered in formal agreements with trade unions.	<input type="checkbox"/>	
Training and education			
LA10	Average hours of training per year per employee by employee category.	■	42

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<input type="checkbox"/>	
LA12	Percentage of employees receiving regular performance and career development reviews.	<input checked="" type="checkbox"/>	42
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<input checked="" type="checkbox"/>	39
LA14	Ratio of basic salary of men to women by employee category.	<input checked="" type="checkbox"/>	40
Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	<input type="checkbox"/>	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<input type="checkbox"/>	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	<input checked="" type="checkbox"/>	43
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	<input checked="" type="checkbox"/>	43
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<input type="checkbox"/>	
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<input type="checkbox"/>	
Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	<input checked="" type="checkbox"/>	43
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	<input type="checkbox"/>	

Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	<input type="checkbox"/>	
Remediation			
HR11	Number of grievances related to human rights files, addressed, and resolved through formal grievance mechanisms. (G3.1)	<input checked="" type="checkbox"/>	43
Social: Society			
Performance Indicator	Description	Reported	Cross-reference
Community			
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<input type="checkbox"/>	
Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption.	<input checked="" type="checkbox"/>	44
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	<input checked="" type="checkbox"/>	44
S04	Actions taken in response to incidents of corruption.	<input checked="" type="checkbox"/>	44
Public policy			
S05	Public policy positions and participation in public policy development and lobbying.	<input type="checkbox"/>	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<input type="checkbox"/>	
Anti-competitive behavior			
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<input type="checkbox"/>	
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	<input checked="" type="checkbox"/>	44
Social: Product Responsibility			
Performance Indicator	Description	Reported	Cross-reference
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<input type="checkbox"/>	

PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	<input type="checkbox"/>	
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<input type="checkbox"/>	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<input type="checkbox"/>	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<input checked="" type="checkbox"/>	44
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<input type="checkbox"/>	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	<input type="checkbox"/>	
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<input type="checkbox"/>	
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<input checked="" type="checkbox"/>	44

- Fully Disclosed
- Partially Disclosed
- Not reported as per B level requirement

For further information or any enquiries on our Sustainability Report, contact:
 Krishna Ravindran, General Manager – Business Services
 Printcare PLC,
 77, Nungamugoda Road,
 Kelaniya, Sri Lanka.
 Email: krishna@printcare.lk

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PRINTCARE PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Printcare PLC, the Consolidated Financial Statements of the company and its subsidiaries, which comprise the Balance Sheets as at 31 March 2012, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

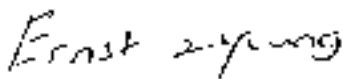
Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Section 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.




21 May 2012

Colombo

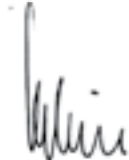
BALANCE SHEET AS AT 31 MARCH 2012


Note	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.	
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4	899,078,440	960,640,878	164,695,470	169,618,902
Investments in Subsidiaries	5	-	-	281,257,400	258,871,400
Other Investments	6	22,225,897	22,225,897	21,635,897	21,635,897
Deferred Tax Asset	7	11,584,991	4,107,982	-	-
		932,889,328	986,974,757	467,588,767	450,126,199
Current Assets					
Inventories	8	649,957,531	672,290,311	229,837,781	283,327,885
Trade and Other Receivables	9	590,820,960	567,390,958	136,591,939	164,359,661
Amounts Due from Group Companies	10	-	-	19,216,135	16,416,302
Tax Recoverable	11	148,761,742	148,889,677	37,124,011	44,279,678
Cash and Bank Balances	19	117,366,711	94,976,222	51,608,680	11,002,930
		1,506,906,944	1,483,547,168	474,378,546	519,386,456
Total Assets		2,439,796,272	2,470,521,925	941,967,313	969,512,655
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	271,893,021	271,893,021	271,893,021	271,893,021
Reserves	13	338,054,775	339,301,169	96,000,000	96,000,000
Retained Earnings		519,694,672	409,361,782	151,464,975	117,985,369
		1,129,642,468	1,020,555,972	519,357,996	485,878,390
Minority Interest		48,811,682	47,493,346	-	-
Total Equity		1,178,454,150	1,068,049,318	519,357,996	485,878,390
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	66,423,143	111,468,888	16,930,611	35,064,759
Deferred Tax Liabilities	24	66,809,089	81,586,242	1,852,640	4,002,664
Employee Benefit Liability	15	63,830,471	57,727,905	29,285,052	25,795,562
		197,062,703	250,783,035	48,068,303	64,862,985
Current Liabilities					
Trade and Other Payables	16	452,035,356	479,348,368	190,450,545	213,006,831
Tax Payables		13,812,052	10,465,055	1,888,220	9,091,091
Preference Share Dividends Payables	17	478,685	478,685	-	-
Amounts Due to Group Companies	18	-	-	265,421	-
Current Portion of Interest Bearing Loans and Borrowings	14	597,953,326	661,397,464	181,936,828	196,673,358
		1,064,279,419	1,151,689,572	374,541,014	418,771,280
Total Equity and Liabilities		2,439,796,272	2,470,521,925	941,967,313	969,512,655

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.


R. Kishore Ignatius
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by,


K. R. Ravindran
Director


E. Chatoor
Director

The accounting policies and notes on pages 62 through 81 form an integral part of the Financial Statements.
21 May 2012
Colombo

INCOME STATEMENT YEAR ENDED 31 MARCH 2012

Note	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.	
Revenue	3	3,249,864,871	3,446,701,805	922,720,806	1,099,061,044
Cost of Sales		(2,515,282,705)	(2,624,351,813)	(727,941,874)	(852,512,217)
Gross Profit		734,582,166	822,349,992	194,778,932	246,548,827
Other Income	20	4,087,863	2,845,397	63,255,790	51,426,182
Distribution Costs		(67,111,762)	(58,607,059)	(23,172,375)	(21,440,324)
Administrative Expenses		(396,434,311)	(429,978,965)	(95,090,052)	(131,863,805)
Finance Cost	21	(71,471,479)	(77,551,123)	(23,324,541)	(29,332,584)
Profit Before Tax	22	203,652,477	259,058,242	116,447,754	115,338,296
Income Tax Expenses	23	(19,309,081)	(49,387,523)	(9,896,478)	(16,006,311)
Profit for the Year		184,343,396	209,670,719	106,551,276	99,331,985
Attributable to:					
Equity Holders of the Parent		183,531,060	206,586,713	106,551,276	99,331,985
Minority Interest		812,336	3,084,006	-	-
		184,343,396	209,670,719	106,551,276	99,331,985
Earnings Per Share	25	2.13	2.40	1.24	1.16
Dividends Per Share		0.85	0.70	0.85	0.70

The accounting policies and notes on pages 62 through 81 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2012

Group	Note	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity	
		Stated Capital Rs.	General Reserve Rs.	Exchange Translation Reserves Rs.	Retained Earnings Rs.			Total Rs.
Balance as at 01 April 2010		271,893,021	32,400,000	(1,939,202)	571,600,755	873,954,574	44,409,340	918,363,914
Transfers to General Reserves		-	308,649,000	-	(308,649,000)	-	-	-
Profit for the Year		-	-	-	206,586,713	206,586,713	3,084,006	209,670,719
Currency Translation Adjustment		-	-	191,371	-	191,371	-	191,371
Ordinary Dividend Paid	17	-	-	-	(60,176,686)	(60,176,686)	-	(60,176,686)
Balance as at 31 March 2011		271,893,021	341,049,000	(1,747,831)	409,361,782	1,020,555,972	47,493,346	1,068,049,318
Transfers to General Reserves		-	126,500	-	(126,500)	-	-	-
Profit for the Year		-	-	-	183,531,060	183,531,060	812,336	184,343,396
Currency Translation Adjustment		-	-	(1,372,894)	-	(1,372,894)	-	(1,372,894)
Ordinary Dividend Paid	17	-	-	-	(73,071,670)	(73,071,670)	-	(73,071,670)
Increase in Minority Interest		-	-	-	-	-	506,000	506,000
Balance as at 31 March 2012		271,893,021	341,175,500	(3,120,725)	519,694,672	1,129,642,468	48,811,682	1,178,454,150

Company	Note	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2010		271,893,021	11,000,000	163,830,054	446,723,075
Profit for the Year		-	-	99,331,985	99,331,985
Ordinary Dividend Paid	17	-	-	(60,176,670)	(60,176,670)
Transferred to General Reserve		-	85,000,000	(85,000,000)	-
Balance as at 31 March 2011		271,893,021	96,000,000	117,985,369	485,878,390
Profit for the Year		-	-	106,551,276	106,551,276
Ordinary Dividend Paid	17	-	-	(73,071,670)	(73,071,670)
Balance as at 31 March 2012		271,893,021	96,000,000	151,464,975	519,357,996

The accounting policies and notes on pages 62 through 81 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2012

Note	GROUP 2011		COMPANY 2011	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Profit Before Income Tax	203,652,477	259,058,242	116,447,754	115,338,296
Adjustments for				
Depreciation	4	175,335,348	169,058,499	38,301,257
(Profit)/Loss on Sale of Property, Plant & Equipment	22	(1,092,186)	1,972,740	(135,445)
Finance Cost	21	71,471,479	77,551,123	23,324,541
Dividend Income		(1,832,398)	(939,579)	(42,997,408)
Turnover Tax, National Security Levy, Income Tax Written off / Provision		1,456,985	18,068,354	1,456,985
Provision for Employee Benefit Liability	15	12,019,641	13,324,461	5,086,615
Provision for Slow Moving Stocks	22	826,680	7,493,628	577,118
Provision / (Reversal) for Doubtful Debts	22	(11,157,158)	(8,174,318)	(11,157,158)
Bad Debt Written off		51,072	723,338	-
Unrealized Exchange (Gain) / Loss		6,297,424	-	3,388,238
Operating Profit Before Working Capital Changes		457,029,365	538,136,488	132,957,963
(Increase)/ Decrease in Inventories		21,506,100	(220,467,221)	52,912,986
(Increase)/ Decrease in Trade and Other Receivables		(31,741,532)	(68,062,476)	42,906,026
(Increase)/ Decrease in Amount Due from Related Parties		-	-	(990,007)
Increase/ (Decrease) in Trade and Other Payables		(18,807,931)	76,045,372	(30,910,726)
Increase/ (Decrease) in Amount Due to Related Parties		-	-	192,782
(Increase)/ Decrease in Tax Recoverable		127,935	9,432,499	7,155,667
Cash Generated From Operations		428,113,937	335,084,662	204,224,693
Finance Costs Paid	21	(71,471,479)	(77,551,123)	(23,324,541)
Defined Benefit Plan Costs Paid	15	(5,917,075)	(1,271,673)	(1,597,125)
Income Tax Paid		(38,216,247)	(42,191,041)	(19,249,373)
Net Cash From Operating Activities		312,509,136	214,070,825	160,053,654
Cash Flows From / (Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	4	(117,821,954)	(204,564,439)	(32,043,292)
Proceeds from Sale of Property, Plant & Equipment		5,141,230	8,872,390	135,445
Acquisition of Other Investments		-	-	(22,386,000)
Dividends Received		1,832,398	939,579	42,997,408
Net Cash Flows Used in Investing Activities		(110,848,327)	(194,752,470)	(11,296,439)
Cash Flows From/(Used in) Financing Activities				
Proceeds from Bank Loans		2,516,859,490	1,541,774,600	663,005,436
Repayment of Bank Loans	14	(2,485,406,253)	(1,526,461,505)	(695,707,010)
Proceeds from Short Term Loans	14	33,475,573	770,698,338	-
Repayment of Short Term Loans	14	(189,200,264)	(661,838,051)	-
Dividends Paid	17	(73,071,670)	(60,176,686)	(73,071,670)
Increase in Minority Interest		506,000	-	-
Net Cash Flows From/(Used in) Financing Activities		(196,837,125)	63,996,696	(105,773,244)
Net Increase/(Decrease) in Cash and Cash Equivalents		4,823,685	83,315,050	42,983,971
Effect of Exchange Rate Changes		(1,372,894)	191,371	-
Cash and Cash Equivalents at the Beginning of the Year	19	(17,257,511)	(100,763,932)	(59,479,379)
Cash and Cash Equivalents at the End of the Year	19	(13,806,721)	(17,257,511)	(16,495,408)

The accounting policies and notes on pages 62 through 81 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. CORPORATE INFORMATION

1.1 General

Printcare PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the company is located at 77, Nungamugoda Road, Kelaniya.

In the annual report of the Board of Directors and in the Financial Statements, "the Company" refers to Printcare PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company and the other group companies were as follows.

Company	Activities
Printcare PLC	Manufacturing and Printing of Tea Bag Tags and Envelopes
Printcare Universal (Pvt) Ltd	Manufacturing and Printing of Packaging Materials, Specialising in Food-Grade Packaging.
Printcare Packaging (Pvt) Ltd	Manufacturing and Printing of Packaging Materials, Specializing in Non Food-Grade Consumer Items.
Printcare Publishing (Pvt) Ltd	Printing and Binding of Books, Magazines, Brochures and Catalogues.
Trident Packaging Export (Pvt) Ltd	Exporting of Printed Papers and Boards.
Printcare Premedia Services Ltd	Graphic Design, Prepress and Premedia Services
Printcare Secure Ltd	Specialised Printing of Products with Security Features.
Printcare India (Pvt) Ltd	Manufacturing and Printing of Tea Bag Tags and Envelopes
Veyron Media Services (Pvt) Ltd	Graphic Design

1.3 Date of Authorisation for Issue

The Consolidated Financial Statements of Printcare PLC for the year ended 31 March 2012 was authorised for issue in accordance with a resolution of the Board of Directors on 21 May 2012.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

2. GENERAL POLICIES

2.1 BASIS OF PREPARATION

The Financial Statements, presented in Sri Lanka rupees, have been prepared on an accrual basis and under the historical cost convention unless stated otherwise. The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

2.1.1 Statement of Compliance

The balance sheet, statement of income, statement of changes in equity and the cash flow statement, together with the accounting policies and notes ("the Financial Statements") have been prepared in compliance with the Sri Lanka Accounting Standards (SLAS).

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease the operations.

2.1.3 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year. Comparative information are re-classified wherever necessary to comply with the current presentation to these Financial Statements.

2.1.4 Comparative Information

The accounting policies applied by the group are consistent with those used in the previous year except for those identified in Note 28.

2.2 CONSOLIDATION POLICY

2.2.1 Subsidiaries

The Group's Financial Statements comprise the consolidated financial statements of the company and the group which have been prepared in compliance with the group's accounting policies.

All intra-group balances, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date the Parent obtains control, until such time the control ceases.

Minority interests which represents the portion of profit or loss and net assets not held by the group, are shown as a component of profit for the period in the income statement and as a component of equity in the consolidated balance sheet, separately from parent shareholders' equity.

The consolidated cash flow statement includes the cash flows of the company and its subsidiaries.

2.2.2 Financial Year

All companies in the Group have a common financial year, which ends on 31 March.

2.2.3 Country of Incorporation

All subsidiaries are incorporated in Sri Lanka, except for the following:

Name of Subsidiary	Country of Incorporation	Reporting Currency
Printcare India (Pvt) Ltd	India	Indian Rupee
Veyron Media Services (Pvt)Ltd	India	Indian Rupee

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Statements.

Allowance for Doubtful Debts:

The Company reviews at each balance sheet date all receivables to assess whether an allowance should be recorded in the Income Statement. The Management uses judgement in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of that indicate uncertainty in recovery.

Deferred Tax Assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amounts of assets within the next financial year are discussed below. The respective carrying amounts of assets are given in related notes to the Financial Statements.

Employee Benefit Plans:

The cost of defined benefit plans- gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Foreign Currency Translations

2.4.1.1 Foreign Currency Transactions

The Consolidated Financial Statements are presented in Sri Lanka Rupees, which is the company's functional and presentation currency.

All foreign exchange transactions are converted to Sri Lanka rupees, at the rates of exchange prevailing at the time the transactions are affected.

The functional currency is the currency of the primary economic environment in which the entities of the group operate.

Monetary assets and liabilities denominated in foreign currency are retranslated to Sri Lanka rupee equivalents at the exchange rate prevailing at the balance sheet date. Non monetary assets and liabilities are translated using exchange rates that existed when values were determined. The resulting gains / losses are accounted for in the Income Statements.

2.4.1.2 Foreign Operation

The balance sheet and income statement of the overseas subsidiary which is deemed to be a foreign operation is translated to Sri Lanka rupees at the rate of exchange prevailing as at the balance sheet date and at the average annual rate of exchange for the period respectively.

The exchange differences arising from the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

2.4.2 Taxation

a) Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement.

b) Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability 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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income 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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement.

c) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included under Tax Recoverable/Payable in the Balance Sheet.

2.4.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless they are incurred in respect of the qualifying assets in which case it is capitalised.

2.4.4 Events after the Balance Sheet Date

All material post balance sheet events have been considered and appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

2.4.5 Segment Reporting

Segmentation has been determined based on primary format, which represents the industry segments, identified based on the differences in the products which has similar nature of process, risk and return. The operating results of the segments are described in note 3.2 to the Financial Statements

2.4.6 Inventories

Inventories are valued at the lower of cost or net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

The cost incurred in bringing inventories to its present location and condition are accounted for using the following cost formulae:-

Raw Materials	At actual cost on Weighted Average Cost basis.
Finished Goods	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Work in Progress	At the cost of direct materials, a proportion of direct labor and other factory overhead based on normal operating capacity.
Consumables & Spares	At actual cost on Weighted Average Cost basis.
Goods in Transit	At purchase cost

2.4.7 Trade and Other Receivables

Trade receivables are stated at the amounts that they are estimated to realise net of provisions for bad and doubtful receivables.

Other receivables and dues from Group Companies are recognised at cost less provision for bad and doubtful receivables.

2.4.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding Company overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.9 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs include the cost of replacing part of the Plant and Equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.4.10 Investments

a) Initial Recognition

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the Balance Sheet.

b) Measurement

Current Investments:

Current investments are carried at the lower of cost and market value, determined on the basis of aggregate portfolio.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to Income Statement.

In the Company's Financial Statements, investments in subsidiaries have been accounted for at cost, net of any impairment losses, which are charged to the income statement. Income of these investments in recognised only to the extent of dividend received.

Disposal of Investment

On disposal of an investment, the difference between net disposals and proceeds and the carrying amounts is recognised as income or expense. Any revaluation surplus related to disposed investments are; transferred to retained earnings

2.4.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where 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 more all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income Statement net of any reimbursements.

2.4.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an independent professional actuary each year using the Projected Unit Credit method.

This item is stated under Employee Benefit Liability in the Balance Sheet

The gratuity liability is not externally funded.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.13 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the 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 the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.4.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

b) Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion, determined by taking into account the labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses incurred that are recoverable.

c) Interest

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

d) Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

e) Rental Income

Rental income recognised on an accrual basis.

f) Gains and Losses

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in the Income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis

g) Others

Other income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

2.4.15 Sri Lanka Accounting Standards effective from 01 January 2012

The Company will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 January 2012 as issued by the Institute of Chartered Accountants of Sri Lanka. The Company has commenced reviewing its accounting policies and financial reporting in readiness for the transition. As the Company has a 31 March year end, priority has been given to considering the preparation of an opening balance sheet in accordance with the new SLASs as at 01 April 2011. This will form the basis of accounting for the new SLASs in the future, and is required when the Company prepares its first new SLAS compliant Financial Statements for the year ending 31 March 2013. Set out below are the key areas where accounting policies will change and may have an impact on the financial statements of the Company. The Company is in the process of quantifying the impact on the Financial Statements arising from such changes in accounting policies.

(a) SLFRS 1 – First Time Adoption of Sri Lanka Accounting Standards requires the Company to prepare and present opening new SLFRS Financial Statements at the date of transition to new SLAS. The Company shall use the same accounting policies in its opening new SLAS Financial Statements and throughout all comparable periods presented in its first new SLAS financial statements. LKAS 1 – Presentation of Financial Statements requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. This standard also requires the Company to disclose information that enables users of its Financial Statements to evaluate the entity's objectives, policies and processes for managing capital.

(b) LKAS 16 – Property Plant and Equipment requires a company to initially measure an item of property plant and equipment at cost, using the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period, unless such interest is capitalized in accordance with LKAS 23 Borrowing Costs.

All site restoration costs including other environmental restoration and similar costs must be estimated and capitalised at initial recognition, in order that such costs can be depreciated over the useful life of the asset.

This standard requires depreciation of assets over their useful lives, where the residual value of assets is deducted to arrive at the depreciable value. It also requires that significant components of an asset be evaluated separately for depreciation.

(c) LKAS 32 – Financial Instruments: Presentation, LKAS 39 – Financial Instruments: Recognition and Measurement and SLFRS 7 – Disclosures will result in changes to the current method of recognizing financial assets, financial liabilities and equity instruments. These standards will require measurement of financial assets and financial liabilities at fair

value at initial measurement. The subsequent measurement of financial assets classified as fair value through profit and loss and available for sale will be at fair value, with the gains and losses routed through the statements of comprehensive income and other comprehensive income respectively.

Financial assets classified as held to maturity and loans and receivables will be measured subsequently at amortized cost. These assets will need to be assessed for any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') coupled with a reliable estimate of the loss event (or events) impact on the estimated future cash flows of the financial asset or group of financial assets. As such the current method of assessing for impairment will have to be changed to meet the requirements of these new standards.

Financial liabilities will be either classified as fair value through profit or loss or at amortized cost. At present, the company/group does not identify, categorise and measure financial assets and liabilities as per the requirements of the standard and also does not recognise certain derivative instruments on the balance sheet,

(d) LKAS 23 – Borrowing Cost, the company must capitalize borrowing costs in relation to a qualifying asset. [if applicable] Since the current policy is to expense all borrowing costs, this will result in a change in accounting policy.

(e) LKAS 12 – Income Tax requires deferred tax to be provided in respect of temporary differences which will arise as a result of adjustments made to comply with the new SLAS.

(f) LKAS 18 – Revenue requires the company to measure revenue at fair value of the consideration received or receivable. It also specifies recognition criteria for revenue, and the company needs to apply such recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.

The Institute of Chartered Accountants of Sri Lanka has resolved an amendment to Sri Lanka Accounting Standard 10, whereby the provision contained in paragraphs 30 and 31 of SLAS 10 – Accounting Policies, Changes in Accounting Estimates and Errors, would not be applicable for Financial Statements prepared in respect of financial periods commencing before 1 January 2012 and hence the impact of this transition is not required to be disclosed in these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

3. REVENUE

3.1 Summary

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Sale of Goods	3,249,864,871	3,446,701,805	922,720,806	1,099,061,044
	3,249,864,871	3,446,701,805	922,720,806	1,099,061,044

3.2 Segmental Information

Information Based on the Primary Segments (Business Segments)

	2012 Rs.	PRINTING 2011 Rs.	2012 Rs.	PACKAGING 2011 Rs.	2012 Rs.	GROUP 2011 Rs.
Revenue						
Direct Exports	739,738,445	764,615,454	337,993,121	243,462,338	1,077,731,566	1,008,077,792
Indirect Exports	351,009,893	411,396,722	957,240,951	1,046,753,730	1,308,250,844	1,458,150,452
Local Sales	176,836,116	259,395,003	687,046,345	721,078,558	863,882,461	980,473,561
	1,267,584,454	1,435,407,179	1,982,280,417	2,011,294,626	3,249,864,871	3,446,701,805
Segment Results						
Profit Before Tax	59,730,479	70,796,231	143,921,998	188,262,011	203,652,477	259,058,242
Taxation	(6,616,684)	(19,620,742)	(12,692,397)	(29,766,781)	(19,309,081)	(49,387,523)
	53,113,795	51,175,489	131,229,601	158,495,230	184,343,396	209,670,719
Minority Interest	4,290,977	2,665,932	(5,103,313)	(5,749,938)	(812,336)	(3,084,006)
Profit Attributable to Equity Holders of the Parent	57,404,772	53,841,421	126,126,288	152,745,292	183,531,060	206,586,713
Segment Assets						
Non-Current Assets	381,102,964	371,619,707	551,786,364	615,355,050	932,889,328	986,974,757
Current Assets	694,642,643	742,846,921	812,264,300	740,700,247	1,506,906,943	1,483,547,168
	1,075,745,607	1,114,466,628	1,364,050,664	1,356,055,297	2,439,796,271	2,470,521,925
Segment Liabilities						
Non-Current Liabilities	59,708,103	85,954,429	137,354,600	164,828,606	197,062,703	250,783,035
Current Liabilities	536,717,703	587,307,676	527,561,716	564,381,896	1,064,279,419	1,151,689,572
	596,425,806	673,262,105	664,916,316	729,210,502	1,261,342,122	1,402,472,607
Other Information						
Additions to Property, Plant and Equipment	82,310,267	40,874,841	35,511,687	163,689,598	117,821,954	204,564,439
Depreciation	80,221,856	79,319,582	95,113,492	89,738,917	175,335,348	169,058,499
	162,532,123	120,194,423	130,625,179	253,428,515	293,157,302	373,622,938
Non Cash Expenses						
Reversal of Provision for Bad & Doubtful Debts	(11,157,158)	(1,681,229)	-	(6,493,089)	(11,157,158)	(8,174,318)
Provision for Gratuity	6,263,164	7,039,484	5,756,477	6,284,977	12,019,641	13,324,461
Provision for Slow Moving Stocks	577,118	1,809,459	249,562	5,684,169	826,680	7,493,628
	(4,316,876)	7,167,714	6,006,039	5,476,057	1,689,163	12,643,771

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

4. PROPERTY, PLANT & EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.
At Cost				
Freehold Land	92,072,256	29,654,202	-	121,726,458
Buildings on Freehold Land	371,269,186	4,976,808	-	376,245,994
Plant & Machinery	1,799,585,112	56,539,499	(15,063,037)	1,841,061,574
Furniture & Fittings	24,459,593	1,675,138	(2,021)	26,132,710
Office Equipment	81,295,557	10,904,845	-	92,200,402
Factory Equipment	127,653,483	13,982,658	(4,695,692)	136,940,449
Motor Vehicles	20,330,664	88,804	(686,069)	19,733,399
Total Gross Carrying Amount	2,516,665,851	117,821,954	(20,446,819)	2,614,040,986

4.1.2 Depreciation

	Balance as at 01.04.2011 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.
At Cost				
Buildings on Freehold Land	261,111,697	18,356,359	-	279,468,056
Plant & Machinery	1,146,761,946	130,176,066	(11,757,280)	1,265,180,732
Furniture & Fittings	10,595,950	1,724,686	(2,020)	12,318,616
Office Equipment	59,069,322	12,256,101	-	71,325,423
Factory Equipment	74,848,956	9,638,216	(3,994,219)	80,492,953
Motor Vehicles	3,637,102	3,183,921	(644,256)	6,176,767
Total Depreciation	1,556,024,973	175,335,348	(16,397,775)	1,714,962,546

4.1.3 Net Book Values

	2012 Rs.	2011 Rs.
At Cost		
Freehold Land	121,726,458	92,072,256
Buildings on Freehold Land	96,777,938	110,157,489
Plant & Machinery	575,880,842	652,823,166
Furniture & Fittings	13,814,094	13,863,643
Office Equipment	20,874,979	22,226,235
Factory Equipment	56,447,496	52,804,527
Motor Vehicles	13,556,632	16,693,562
	899,078,440	960,640,878

4.1.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 117,821,954/- (2011- Rs.204,729,881/-) for which cash payment amounting to Rs.117,821,954/- (2011- Rs.204,564,439/-) were made.

4.1.5 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs.872,871,511/- (2011 - Rs.784,409,309/-)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

4. PROPERTY, PLANT & EQUIPMENT (Contd...)

4.2 COMPANY

4.2.1 Gross Carrying Amounts

	Balance as at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.
At Cost				
Freehold Land	51,502,749	-	-	51,502,749
Buildings on Freehold Land	196,819,183	2,321,967	-	199,141,150
Plant & Machinery	378,607,080	21,785,956	-	400,393,036
Furniture & Fittings	7,582,802	183,087	-	7,765,889
Office Equipment	53,817,069	4,034,574	-	57,851,643
Factory Equipment	37,141,828	3,717,708	-	40,859,536
Motor Vehicles	14,444,245	-	(169,411)	14,274,834
Total Gross Carrying Amount	739,914,956	32,043,292	(169,411)	771,788,837

4.2.2 Depreciation

	Balance as at 01.04.2011 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.
At Cost				
Buildings on Freehold Land	178,711,800	2,520,504	-	181,232,304
Plant & Machinery	319,962,135	20,616,668	-	340,578,803
Furniture & Fittings	4,618,548	674,550	-	5,293,098
Office Equipment	41,730,586	8,345,056	-	50,075,642
Factory Equipment	23,418,909	2,250,245	-	25,669,154
Motor Vehicles	1,854,076	2,559,700	(169,410)	4,244,366
Total Depreciation	570,296,054	36,966,723	(169,410)	607,093,367

4.2.3 Net Book Values

	2012 Rs.	2011 Rs.
At Cost		
Freehold Land	51,502,749	51,502,749
Buildings on Freehold Land	17,908,846	18,107,383
Plant & Machinery	59,814,233	58,644,945
Furniture & Fittings	2,472,791	2,964,254
Office Equipment	7,776,001	12,086,483
Factory Equipment	15,190,382	13,722,919
Motor Vehicles	10,030,468	12,590,169
Total Carrying Amount of Property, Plant & Equipment	164,695,470	169,618,902

4.2.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.32,043,292/- (2011- Rs.27,360,405/-) for which cash payment amounting to Rs.32,043,292/- (2011- Rs.27,360,405/-) were made.

4.2.5 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs 514,144,741/- (2011- Rs.434,636,849/-)

4.2.6 The useful lives of the assets is estimated as follows

	2012	2011
Buildings on Freehold Land	10 - 30 Years	10 - 30 Years
Plant & Machinery	3 - 19 Years	3 - 19 Years
Furniture & Fittings	6 2/3 - 16 Years	6 2/3 - 16 Years
Office Equipment	5 - 19 Years	5 - 19 Years
Factory Equipment	10 - 19 Years	10 - 19 Years
Motor Vehicles	5 - 11 Years	5 - 11 Years

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

5 INVESTMENTS IN SUBSIDIARIES

5.1 Company

	Country of Incorporation	Holding %	Cost 2012 Rs.	Directors' Valuation 2012 Rs.	Cost 2011 Rs.	Directors' Valuation 2011 Rs.
Non-Quoted						
Printcare Universal (Pvt) Ltd.	Sri Lanka	100%	44,150,000	44,150,000	44,150,000	44,150,000
Printcare Premedia Services Ltd.	Sri Lanka	65%	32,500,000	32,500,000	32,500,000	32,500,000
Printcare Secure Ltd.	Sri Lanka	78.5%	76,500,000	76,500,000	76,500,000	76,500,000
Printcare India (Pvt) Ltd.	India	100%	128,107,400	128,107,400	105,721,400	105,721,400
Total Net Carrying Value of Investments in Subsidiaries			281,257,400	281,257,400	258,871,400	258,871,400

6 OTHER INVESTMENTS

6.1 Group

6.1.1 Investments in Equity Securities-Non Current

	No of Shares 2012	No of Shares 2011	Carrying Value 2012 Rs.	Market Value 2012 Rs.	Carrying Value 2011 Rs.	Market Value 2011 Rs.
a) Quoted						
Taj Lanka Hotels PLC	62,425	62,425	564,749	1,928,933	564,749	3,723,651
Hemas Holdings PLC	55,000	55,000	440,000	1,446,500	440,000	2,447,500
Total Investments in Quoted Equity Securities			1,004,749	3,375,433	1,004,749	6,171,151

	No of Shares 2012	No of Shares 2011	Carrying Value 2012 Rs.	Directors' Valuation 2012 Rs.	Carrying Value 2011 Rs.	Directors' Valuation 2011 Rs.
b) Non-Quoted						
Packages Lanka (Pvt) Ltd.	2,005,442	2,005,442	21,071,148	21,071,148	21,071,148	21,071,148
Ingrin Institute of Printing and Graphics Sri Lanka Ltd	15,000	15,000	150,000	150,000	150,000	150,000
Total Investments in Non-Quoted Equity Securities			21,221,148	21,221,148	21,221,148	21,221,148
Total Carrying Value of Investments in Equity Securities			22,225,897		22,225,897	

6.2 Company

6.2.1 Investments in Equity Securities-Non Current

	No of Shares 2012	No of Shares 2011	Carrying Value 2012 Rs.	Market Value 2012 Rs.	Carrying Value 2011 Rs.	Market Value 2011 Rs.
a) Quoted						
Taj Lanka Hotels PLC	62,425	62,425	564,749	1,928,933	564,749	3,723,651
Total Investments in Quoted Equity Securities			564,749	1,928,933	564,749	3,723,651

	No of Shares 2012	No of Shares 2011	Carrying Value 2012 Rs.	Directors' Valuation 2012 Rs.	Carrying Value 2011 Rs.	Directors' Valuation 2011 Rs.
b) Non-Quoted						
Packages Lanka (Pvt) Ltd.	2,005,442	2,005,442	21,071,148	21,071,148	21,071,148	21,071,148
Total Investments in Non-Quoted Equity Securities			21,071,148	21,071,148	21,071,148	21,071,148
Total Carrying Value of Investments in Equity Securities			21,635,897		21,635,897	

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

7. DEFERRED TAX ASSETS

	2012 Rs.	GROUP 2011 Rs.
Balance as at the Beginning of the Year	4,107,982	3,252,505
Provision/(Release) Made During the Year	7,477,009	855,477
Balance as at the End of the Year	11,584,991	4,107,982

7.1 Deferred Tax Assets and Income Tax relates to the following

7.1.1 Group

	2012 Rs.	Balance Sheet 2011 Rs.	2012 Rs.	Income Statement 2011 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	7,681,622	9,800,376	(2,118,754)	3,521,719
	<u>7,681,622</u>	<u>9,800,376</u>		
Deferred Tax Assets				
Employee Benefit Liability	(1,084,632)	(973,099)	(111,533)	(705,255)
Effect From Carried Forward Tax Loss	(18,181,981)	(12,935,259)	(5,246,722)	(3,671,941)
	<u>(19,266,613)</u>	<u>(13,908,358)</u>		
Deferred Income Tax (Income) / Expense			(7,477,009)	(855,477)
Transfer (to)/from Deferred Tax Liabilities	-	-		
Net Deferred Tax Asset	<u>(11,584,991)</u>	<u>(4,107,982)</u>		

7.1.2 Deferred tax has been computed based on the applicable tax rates of 28% and 12% (2011-35% and 15%) and the effect of the change in tax rates is given below,

Deferred Income Tax Charges / (Reversal)

	2012 Rs.	Income Statement 2011 Rs.
Deferred Income Tax Charges / (Reversal) for the Year	(9,185,824)	(855,477)
Effect of changes in Income Tax Rate	1,708,815	-
	<u>(7,477,009)</u>	<u>(855,477)</u>

8. INVENTORIES

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Raw Materials	359,255,476	393,157,493	114,633,557	152,202,597
Work in Progress	39,656,385	38,417,227	10,989,090	11,022,209
Finished Goods	66,007,740	64,544,654	27,624,184	40,067,584
Goods in Transit	89,819,654	107,936,816	30,524,807	37,746,402
Consumables and Spares	115,090,072	86,530,364	48,876,762	45,097,453
	<u>669,829,327</u>	<u>690,586,554</u>	<u>232,648,400</u>	<u>286,136,245</u>
Less: Provision for Slow Moving Stocks	(19,871,796)	(18,296,243)	(2,810,619)	(2,808,360)
	<u>649,957,531</u>	<u>672,290,311</u>	<u>229,837,781</u>	<u>283,327,885</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

9 TRADE AND OTHER RECEIVABLES

9.1 Summary

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Trade Debtors -Group Companies (9.2)	-	-	18,882,759	25,300,596
-Others	545,396,070	517,125,267	107,966,417	148,484,244
Less: Provision for Doubtful Debts	(579,093)	(19,965,702)	(300,000)	(16,400,089)
	<u>544,816,977</u>	<u>497,159,565</u>	<u>126,549,176</u>	<u>157,384,751</u>
Other Debtors	14,768,614	40,378,502	3,582,872	2,213,276
Advances and Prepayments	28,990,052	28,737,928	4,893,324	3,439,967
Provision for Other Debtors	-	(792,636)	-	-
Loans to Company Officers (9.3)	2,245,317	1,907,599	1,566,567	1,321,667
	<u>590,820,960</u>	<u>567,390,958</u>	<u>136,591,939</u>	<u>164,359,661</u>

9.2 Group Companies

	2012 Rs.	COMPANY 2011 Rs.
Printcare India (Pvt) Ltd	5,681,638	1,344,362
Trident Packaging Export (Pvt) Ltd.	12,893,860	23,929,277
Printcare Secure Ltd	141,511	26,957
Veyron Media Services (Pvt) Ltd	165,750	-
	<u>18,882,759</u>	<u>25,300,596</u>

9.3 Loans to Company Officers Summary

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Balance as at the Beginning of the Year	1,907,599	3,955,156	1,321,667	2,188,667
Loans Granted During the Year	2,925,900	2,206,875	1,225,900	1,089,944
Repayments	(2,588,182)	(4,254,432)	(981,000)	(1,956,944)
Balance as at the End of the Year	2,245,317	1,907,599	1,566,567	1,321,667

10 AMOUNTS DUE FROM GROUP COMPANIES

	2012 Rs.	COMPANY 2011 Rs.
Printcare Universal (Pvt) Ltd.	6,841,774	7,193,977
Printcare Packaging (Pvt) Ltd.	4,946,526	3,986,316
Printcare Premedia Services Ltd.	143,851	1,081,263
Printcare Secure Ltd.	7,277,000	2,672,519
Printcare India (Pvt) Ltd.	-	1,481,577
Printcare Publishing (Pvt) Ltd	6,984	650
	<u>19,216,135</u>	<u>16,416,302</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

11 TAX RECOVERABLE

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Income Tax	13,486,580	9,835,924	-	-
Value Added Tax	117,192,843	119,715,556	35,381,788	46,126,305
Nation Building Tax	2,752,849	3,231,151	1,080,512	1,458,200
Economic Service Charge Receivable	12,218,545	15,490,914	661,711	1,066,242
Withholding Tax	3,110,925	4,987,201	-	-
Provision for VAT	-	(4,371,069)	-	(4,371,069)
	148,761,742	148,889,677	37,124,011	44,279,678

12 STATED CAPITAL

12.1 Issued and Fully Paid

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Ordinary Shares (12.2)	271,893,021	271,893,021	271,893,021	271,893,021

12.2 Sub Division of Shares

The shares of the Company were subdivided on 30th June 2011 on the basis of five for every one share held. The number of shares of the Company increased from 17,193,334 to 85,966,670 without any change to the Stated Capital of the Company.

13 RESERVES

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
(a) Other Reserve				
Balance as at the Beginning of the Year	341,049,000	32,400,000	96,000,000	11,000,000
Transferred from Retained Earnings	126,500	308,649,000	-	85,000,000
Balance as at the End of the Year	341,175,500	341,049,000	96,000,000	96,000,000
(b) Exchange Translation Reserve				
Balance as at the Beginning of the Year	(1,747,831)	(1,939,202)	-	-
Transferred from / (to) Retained Earnings	(1,372,894)	191,371	-	-
Balance as at the End of the Year	(3,120,725)	(1,747,831)	-	-
Total Reserve	338,054,775	339,301,169	96,000,000	96,000,000

13.1 General Reserve

General Reserve is a revenue reserve which represents the amounts set a side by the directors for general application.

13.2 Exchange Translation Reserve

Exchange Translation Reserve comprises the net exchange movement arising on the translation of net equity investments of overseas subsidiaries in to Sri Lanka rupees.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

14 INTEREST BEARING LOANS AND BORROWINGS

14.1 Group

	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable After 1 Year Rs.	2012 Total Rs.	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.
Bank Loans (14.3)	454,165,137	66,423,143	520,588,280	380,824,282	111,468,888	492,293,170
Import Financing Loans (14.4)	12,614,757	-	12,614,757	168,339,449	-	168,339,449
Bank Overdrafts (19.2)	131,173,432	-	131,173,432	112,233,733	-	112,233,733
	597,953,326	66,423,143	664,376,469	661,397,464	111,468,888	772,866,352

14.2 Company

Bank Loans (14.3)	113,832,740	16,930,611	130,763,351	126,191,049	35,064,759	161,255,808
Bank Overdrafts (19.2)	68,104,088	-	68,104,088	70,482,309	-	70,482,309
	181,936,828	16,930,611	198,867,439	196,673,358	35,064,759	231,738,117

14.3 Bank Loans

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Balance as at the Beginning of the Year	492,293,170	476,980,075	161,255,808	174,844,354
Loans Granted During the Year	2,513,701,363	1,541,774,600	665,214,553	737,053,597
Less: Repayments	(2,485,406,253)	(1,526,461,505)	(695,707,010)	(750,642,143)
Balance as at the End of the Year	520,588,280	492,293,170	130,763,351	161,255,808

14.4 Import Financing Loans

Balance as at the Beginning of the Year	168,339,449	59,479,162	-	-
Loans Granted During the Year	33,475,572	770,698,338	-	-
Less: Repayments	(189,200,264)	(661,838,051)	-	-
Balance as at the End of the Year	12,614,757	168,339,449	-	-

15 EMPLOYEE BENEFIT LIABILITY

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Balance as at the Beginning of the Year	57,727,905	45,675,117	25,795,562	20,188,878
Charge for the Year	12,019,641	13,324,461	5,086,615	5,977,284
Payments Made During the Year	(5,917,075)	(1,271,673)	(1,597,125)	(370,600)
Balance as at the End of the Year	63,830,471	57,727,905	29,285,052	25,795,562

15.1 Employee Retirement Benefit Liability Scheme as at 31 March 2012 was estimated on the basis of results of the actuarial valuation of the Employee Retirement Benefit Liability by Messrs. Actuarial & Management Consultants (Pvt) Ltd as at Balance Sheet Date.

15.2 Principal Actuarial Assumptions

The Principal Financial Assumptions Underlying the Valuation are as follows

Discount Rate	11%
Salary Increment Rate	8%
Retirement Age	55 Years

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

16 TRADE AND OTHER PAYABLES

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Trade Payable - Group Companies (16.1)	-	-	3,341,832	-
Trade Payable - Others	342,823,432	332,503,896	163,194,730	181,478,038
Sundry Creditors Including Accrued Expenses	108,457,554	146,164,261	23,159,613	30,848,582
Unclaimed Dividends	754,370	680,211	754,370	680,211
	452,035,356	479,348,368	190,450,545	213,006,831

16.1 Group Companies

	2012 Rs.	COMPANY 2011 Rs.
Printcare Premedia Services Ltd	2,828,247	-
Veyron Media Services (Pvt) Ltd	513,585	-
	3,341,832	-

17 DIVIDENDS

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Declared and paid during the year				
Ordinary Dividends Paid Rs. 0.85 per share (2011 - Rs.0.70 per share)	73,071,670	60,176,686	73,071,670	60,176,670
	73,071,670	60,176,686	73,071,670	60,176,670

18 AMOUNTS DUE TO GROUP COMPANIES

	2012 Rs.	COMPANY 2011 Rs.
Printcare Premedia Services Ltd	3,500	-
Printcare Secure Ltd	217,381	-
Trident Packaging Export (Pvt) Ltd	44,540	-
	265,421	-

19 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
19.1 Favourable Cash & Cash Equivalents				
Cash & Bank Balances	114,398,347	94,176,581	48,640,316	10,203,289
Item Restricted in Use	2,968,364	799,641	2,968,364	799,641
	117,366,711	94,976,222	51,608,680	11,002,930
19.2 Unfavourable Cash & Cash Equivalents				
Bank Overdraft (14)	(131,173,432)	(112,233,733)	(68,104,088)	(70,482,309)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(13,806,721)	(17,257,511)	(16,495,408)	(59,479,379)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

20 OTHER INCOME

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Dividend Income	1,832,398	939,579	42,997,408	21,961,989
Rent Income	-	-	14,400,000	14,400,000
IT Service Charges	-	-	4,013,434	13,635,660
Interest Income	519,880	359,652	459,448	-
Engineering Service Income	1,385,500	1,428,533	1,385,500	1,428,533
Retainer Charges	350,085	117,633	-	-
	4,087,863	2,845,397	63,255,790	51,426,182

21 FINANCE COST

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Interest Expense on Overdrafts	12,941,577	15,232,444	9,387,349	10,094,532
Interest Expense on Loans & Borrowings	58,529,902	62,318,679	13,937,192	19,238,052
	71,471,479	77,551,123	23,324,541	29,332,584

22 PROFIT BEFORE TAX

	2012 Rs.	GROUP 2011 Rs.	2012 Rs.	COMPANY 2011 Rs.
Stated after Charging /(Crediting)				
Included in Cost of Sales				
Employees Benefits including the Following				
- Defined Benefit Plan Costs - Gratuity	3,209,771	6,188,652	1,126,725	2,532,326
- Defined Contribution Plan Costs - EPF & ETF	14,108,561	12,430,768	3,786,765	3,273,758
Other Staff Costs	141,469,730	118,879,299	46,352,807	47,959,145
Depreciation	141,069,234	136,046,648	22,866,913	25,525,897
Included in Administrative Expenses				
Employees Benefits including the Following				
- Defined Benefit Plan Costs - Gratuity	8,809,869	7,135,809	3,959,890	3,444,958
- Defined Contribution Plan Costs - EPF & ETF	20,044,976	17,491,941	4,847,741	4,873,778
Other Staff Costs	118,039,585	121,668,981	45,278,715	51,473,049
Depreciation	34,266,114	33,011,851	14,099,810	12,775,360
Exchange (Gain)/Loss	(24,139,997)	(15,798,283)	(5,083,161)	(4,346,462)
(Profit)/Loss on Disposal of Property, Plant and Equipment	(1,092,186)	1,972,740	(135,445)	(1,250,004)
Auditor's Fees and Expenses	1,971,119	1,520,620	592,300	434,520
Provision/ (Reversal) for Doubtful Debts	(11,157,158)	(8,174,318)	(11,157,158)	1,205,475
Provision for Slow Moving Stocks	826,680	7,493,628	577,118	2,808,360
Bad Debt Written off	51,072	723,338	-	-
Donation	579,439	1,223,875	308,736	272,425

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

23 INCOME TAX

	GROUP		COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year	41,529,010	54,425,945	11,365,561	21,169,857
Under/(Over) Provision of Current Taxes in Respect of Prior Years	34,234	(2,645,132)	680,942	(1,702,643)
Social Responsibility Levy	-	760,302	-	317,548
Deemed Dividend Tax	-	47,371	-	-
Deferred Income Tax				
Deferred Taxation Charge	2,622,850	-	-	-
Deferred Taxation Reversal	(24,877,013)	(3,200,963)	(2,150,025)	(3,778,451)
	19,309,081	49,387,523	9,896,478	16,006,311

23.1 Reconciliation between Current Tax Expense and the product of Accounting Profit

	GROUP		COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Accounting Profit	203,652,479	259,058,242	116,447,754	115,338,298
Aggregate Disallowed Items	203,478,009	216,484,031	46,264,371	64,347,745
Aggregate Allowable Expenses	(239,301,202)	(211,589,169)	(73,258,901)	(43,838,032)
Tax Losses Brought Forward and Utilized	-	(28,564,452)	-	-
Income not Subject to Tax	(12,110,961)	(37,130)	-	-
Taxable Profit	155,718,325	235,351,522	89,453,224	135,848,011
Tax Expense 12% and 28% (2011: 15% and 35%)	41,529,010	54,425,945	11,365,561	21,169,857

24 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Balance at the Beginning of the Year	81,586,242	83,931,728	4,002,664	7,781,115
Provision/(Release) Made During the Year	(14,777,153)	(2,345,486)	(2,150,024)	(3,778,451)
Balance as at the End of the Year	66,809,089	81,586,242	1,852,640	4,002,664

24.1 Deferred Tax Assets, Liabilities and Income Tax Relates to the following

GROUP	BALANCE SHEET		INCOME STATEMENT	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	78,246,540	95,685,037	(17,438,497)	(8,733,193)
	78,246,540	95,685,037		
Deferred Tax Assets				
Employee Benefit Liability	(8,390,731)	(9,711,622)	1,320,891	(831,161)
Provision for Doubtful Debts	-	(46,752)	46,752	1,248
Effect From Carried Forward Tax Loss	(3,046,720)	(4,340,421)	1,293,701	7,217,620
	(11,437,451)	(14,098,795)		
Deferred Income Tax (Income) / Expense			(14,777,153)	(2,345,486)
Transfer (to)/from Deferred Tax Assets				
Net Deferred Tax Liability	66,809,089	81,586,242		

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

24.1.2 Deferred tax has been computed based on the applicable tax rates of 28% and 12% (2011-35% and 15%) respectively and the effect of the change in tax rates is given below,

DEFERRED INCOME TAX CHARGES / (REVERSAL)	INCOME STATEMENT	
	2012	2011
	Rs.	Rs.
Deferred Income Tax Charges / (Reversal) for the Year	(464,088)	(2,345,486)
Effect of changes in Income Tax Rate	(14,313,065)	-
	(14,777,153)	(2,345,486)

24.1.3 COMPANY

	BALANCE SHEET		INCOME STATEMENT	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	5,489,844	8,069,378	(2,579,534)	(2,989,957)
	5,489,844	8,069,378		
Deferred Tax Assets				
Employee Benefit Liability	(3,637,204)	(4,019,962)	382,758	(789,742)
Provision for Doubtful Debts	-	(46,752)	46,752	1,248
	(3,637,204)	(4,066,714)		
Deferred Income Tax (Income) / Expense			(2,150,024)	(3,778,451)
Transfer (to)/from Deferred Tax Assets				
Net Deferred Tax Liability	1,852,640	4,002,664		

24.1.4 Deferred tax has been computed based on the applicable tax rates of 28% and 12% (2011-35% and 15%) and the effect of the change in tax rates is given below,

DEFERRED INCOME TAX CHARGES / (REVERSAL)	INCOME STATEMENT	
	2012	2011
	Rs.	Rs.
Deferred Income Tax Charges / (Reversal) for the Year	(2,612,438)	(3,778,451)
Effect of changes in Income Tax Rate	462,414	-
	(2,150,024)	(3,778,451)

25 EARNINGS PER SHARE

25.1 Earnings Per Share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Number of ordinary shares for the year 2011 have been adjusted to reflect the increase in number of shares consequent to the subdivision on 30th June 2011. Accordingly, Earnings Per Share has been adjusted retrospectively as per Sri Lanka Accounting Standard No.34 (Revised 2005), "Earnings Per Share". The following reflects the income and share data used in the Earnings Per Share computations.

25.2 THE FOLLOWING REFLECTS THE INCOME AND SHARE DATA USED IN THE EARNINGS PER SHARE COMPUTATIONS.

Amount Used as the Numerator:	GROUP		COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Net Profit Attributable to Ordinary Shareholders for Earnings Per Share	183,531,060	206,586,173	106,551,276	99,331,985
Number of Ordinary Shares Used as Denominator:				
Number of Ordinary Shares in issue Applicable to Earnings Per Share	Number 85,966,670	Number 85,966,670	Number 85,966,670	Number 85,966,670

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

26 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

27 RELATED PARTY TRANSACTIONS

27.1 TRANSACTIONS WITH GROUP COMPANIES

NATURE OF TRANSACTIONS	VOLUME OF TRANSACTIONS	
	2012	2011
Company	Rs.	Rs.
Balance as at the Beginning of the Year	41,716,897	47,662,226
Sale of Goods	16,371,481	46,019,570
Purchase of Goods	(17,775,796)	(2,677,088)
Sale of Property, Plant and Equipment	(188,517)	(41,028)
Central Cost Allocation	65,922,207	62,395,297
IT Service Charge	4,025,847	14,010,641
Staff Related Expenses	29,547,071	11,979,792
Others	16,850,113	40,051,667
Value Added Tax	354,511	5,439,458
Nation Building Tax	67,070	-
Rent	14,400,000	14,548,800
Short Term Loan Obtained	7,277,000	-
Inter Company Loan Interest	459,448	-
Settlements	(146,571,565)	(197,495,854)
Currency Adjustment	2,035,874	(176,584)
Balance as at the End of the Year	34,491,641	41,716,897

27.2 TRANSACTIONS WITH OTHER RELATED COMPANIES

NATURE OF TRANSACTIONS	VOLUME OF TRANSACTIONS	
	2012	2011
Group	Rs.	Rs.
Balance as at the Beginning of the Year	29,118,319	36,137,380
Sale of Goods	442,245,785	517,778,256
Purchase of Goods	(25,026,048)	(15,917,824)
Settlements	(420,997,702)	(570,195,429)
Others	530,365	61,315,936
Balance as at the End of the Year	25,870,719	29,118,319
Company	Rs.	Rs.
Balance as at the Beginning of the Year	11,651,092	10,948,450
Sale of Goods	131,960,738	138,055,538
Purchase of Goods	(4,704,969)	(4,144,389)
Settlements	(129,417,048)	(150,019,068)
Others	16,443	16,810,560
Balance as at the End of the Year	9,506,256	11,651,092

Other Related Companies includes :

Ceylon Tea Services PLC, Packages Lanka (Pvt) Ltd., Express Newspapers (Ceylon) Ltd., Hemsons International (Pte) Ltd., Midaya Packaging Industries (Pvt) Ltd. and Janasakthi Insurance PLC

27.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE GROUP

Key Management Personnel include the Members of the Board of Directors, of Printcare PLC and its Subsidiaries.

Key Management Personnel Compensation	GROUP		COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Short-term Employee Benefits	52,060,404	46,430,850	16,041,482	13,315,499

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

28 COMPARATIVE INFORMATION

The presentation and classification of following items in the Financial Statements are amended to ensure the comparability with the current year.

Group	2011	2011
	Rs.	Rs.
As reported previously:		
Distribution Costs	49,072,086	
Administrative Expenses	439,513,938	
	2012	2011
	Rs.	Rs.
Current Presentation:		
Distribution Costs	67,111,762	58,607,059
Administrative Expenses	396,434,311	429,978,965

29 COMMITMENTS AND CONTINGENCIES

29.1 FINANCIAL COMMITMENTS

- a) A joint loan of Rs. 40,000,000/- was taken by Printcare Universal (Pvt) Ltd., Printcare PLC, and Printcare Packaging (Pvt) Ltd. All these three Companies are jointly and severally held liable for the settlement of the loan. The balance as at 31 March 2012, included in the Financial Statements of the Group and the Company amounting to Rs 17,316,000/- (2011 - Rs 25,308,000/-) and Rs 17,316,000/- (2011 - Rs 25,308,000/-) respectively.

29.2 CONTINGENCIES

- a) Group and the Company have obtained bank guarantees and bid bonds for suppliers, and Sri Lanka Customs Department in the course of carrying out business and as at balance sheet date such outstanding guarantees and bonds amounting to Rs. 66.7Mn (2011 - 45.48Mn) and Rs.61.8Mn (2011 - 40.38 Mn) respectively.
- b) A contingent liability exists in respect of a case bearing No: HC 06/08/IP, filed by Plaintiffs against three defendants (Printcare Packaging (Private) Limited as the 2nd defendant). The amount of the liability cannot be quantified since the case still at the early stage and the involvement of many defendants.
- c) A contingent liability exists in respect of a case bearing No: DPA 31/2008, filed in the District Court of Colombo and Printcare PLC has been made a party to this case (21st Defendant). The Subject matter of this case purports to include a part of the Land belonging to Printcare PLC situated at Nungamugoda Road, Kelaniya. The amount of the liability cannot be quantified since the case still at early stage.

30 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included Under
		2012	2011	
		Rs.	Rs.	
30.1 PRINTCARE PLC				
Land, Building and Plant & Machinery	Loans and Borrowings	129,225,828	128,255,077	Property, Plant & Equipment
- Primary Mortgage				
30.2 PRINTCARE UNIVERSAL (PVT) LTD				
Land, Building and Plant & Machinery	Loans and Borrowings	276,788,452	240,619,198	Property, Plant & Equipment
- Primary Mortgage				
30.3 PRINTCARE PACKAGING (PVT) LTD				
Land, Building and Plant & Machinery	Loans and Borrowings	223,322,059	245,241,953	Property, Plant & Equipment

DECADE AT A GLANCE

	2,012	2011	2010	2009	2008	2007	2006	2005	2004	2003
TRADING RESULTS (Rs. '000)										
Turnover	3,249,865	3,446,702	2,895,200	3,122,950	2,939,324	2,136,292	1,917,757	1,810,070	1,371,301	1,224,989
Profits Before Interest and Income Tax	275,124	336,609	258,957	310,579	340,797	225,939	158,426	210,051	126,956	144,904
Profits Before Income Tax	203,652	259,058	123,721	84,171	131,781	104,927	46,525	134,674	83,134	67,794
Profits attributable to equity shareholders ⁽¹⁾	183,531	206,587	85,772	60,805	86,087	81,745	49,272	106,234	46,068	70,297
Ordinary Dividend - Gross	73,072	60,177	17,193	34,386	17,193	17,193	42,983	32,238	19,343	12,895
Cash from Operations	428,113	335,084	514,127	646,131	359,783	300,210	223,682	134,242	192,160	129,468
SHAREHOLDERS' FUNDS (Rs. '000)										
Share Capital	271,893	271,893	271,893	271,893	271,893	171,933	171,933	128,950	128,950	128,950
Reserves	857,749	748,663	602,062	537,724	526,413	557,479	492,928	529,623	455,627	428,901
	1,129,642	1,020,556	873,955	809,617	798,306	729,412	664,861	658,573	584,577	557,851
Minority Interest	48,812	47,493	44,409	54,506	47,407	50,069	54,386	19,509	8,864	-
TOTAL EQUITY	1,178,454	1,068,049	918,364	864,123	845,713	779,482	719,248	678,082	593,441	557,851
ASSETS (Rs. '000)										
Property, Plant & Equipment (Note: 1)	899,078	960,641	935,980	1,094,574	1,130,300	899,716	963,974	863,532	611,456	576,948
Investments	22,226	22,226	22,226	22,226	22,226	22,264	18,969	22,084	18,839	18,207
Deferred Tax Asset	11,585	4,108	3,253	2,834	-	-	-	-	-	-
Current Assets	1,506,907	1,483,547	1,189,492	1,090,577	1,301,349	1,059,592	917,711	999,519	675,030	585,580
LIABILITIES (Rs. '000)	1,261,342	1,402,473	1,232,587	1,346,088	1,608,162	1,202,090	1,181,406	1,207,043	711,884	622,884
Non Current Liabilities	197,063	250,783	300,959	420,227	493,822	344,300	486,660	438,587	234,835	218,026
Current Liabilities	1,064,279	1,151,689	931,628	925,861	1,114,339	857,790	694,746	768,456	477,049	404,858
NET ASSETS	1,178,454	1,068,049	918,364	864,123	845,713	779,482	719,248	678,082	593,441	557,851
KEY RATIOS										
Return on Average Total Capital (%) ⁽²⁾	14.9%	19.5%	15.1%	16.5%	18.9%	13.8%	10.1%	17.6%	13.7%	14.7%
Return on Average Shareholders Funds (%)	17.1%	21.8%	10.2%	7.6%	11.3%	11.7%	7.4%	17.1%	8.1%	13.3%
Gearing	36.1%	42.0%	43.1%	52.2%	56.8%	52.8%	55.6%	55.6%	31.3%	43.3%
Gross Profit Margin (%)	22.6%	23.9%	24.7%	26.1%	26.4%	25.0%	23.1%	23.5%	21.8%	23.5%
PBIT Margin (%)	8.5%	9.8%	8.9%	9.9%	11.6%	10.6%	8.3%	11.6%	9.3%	11.8%
PAT Margin (%)	5.7%	6.1%	3.1%	2.2%	2.8%	3.6%	2.0%	5.9%	3.4%	5.7%
MARKET INFORMATION										
Market Price Per Share at the Year End (Rs.)	31	128	85	50	63	53	55	109	65	13
No. of Shares	85,967	17,193	17,193	17,193	17,193	17,193	17,193	12,895	12,895	12,895
Dividend Payments Rs. '000s (Gross)	73,072	60,177	33,993	34,387	17,193	17,193	42,983	32,238	19,343	12,895
Market Capitalisation (Rs.'000)	2,664,967	2,193,827	1,461,405	863,948	1,083,159	911,229	945,615	1,405,555	838,175	167,635
Earnings Per Share (Rs.) ^(3 & 5)	2.13	2.40	1.00	0.71	1.00	0.95	0.57	1.24	0.54	0.82
Dividends Per Share (Rs.) ^(3 & 4)	0.85	0.70	0.20	0.40	0.20	0.20	0.50	0.50	0.30	0.20
NAV Per Share (Rs.) ⁽³⁾	13.14	11.87	10.17	9.42	9.29	8.48	7.73	7.66	6.80	6.49

* Real Estate Portfolio

Ownership	Location	Extent in Acres	No. of Buildings	Market Value
				(Based on May 2011 valuation report)
				Rs.
Group	Kelaniya	6.06	10	400,000,000
	Kadawatha	1.56	3	105,000,000
Total		7.62	13	505,000,000
Company	Kelaniya	4.11	6	240,000,000

(1) Excludes Profit / Loss attributable to Minority Interest

(2) PBIT / Avg. (Total Debt + Total Equity)

(3) Comparatives restated to reflect the 1:3 bonus issue and the share split of 1:5 in 2005/2006 and 2011/2012 respectively

(4) Dividends paid during the Financial Year

(5) Based on Trailing Twelve Months Earnings

INFORMATION TO THE SHARE HOLDERS AND INVESTORS

Analysis of Share Holders According to the No of Shares

31 March 2012

Description	SHAREHOLDERS		NO OF SHARES		PERCENTAGE	
	Local	Foreign	Local	Foreign	Local	Foreign
1 to 1000 shares	448	4	155,059	1,465	0.18%	0.00%
1001 to 10,000 shares	127	0	400,064	-	0.47%	0.00%
10,001 to 100,000 shares	16	1	598,178	11,330	0.70%	0.01%
100,001 to 1,000,000 shares	9	1	2,576,660	186,000	3.00%	0.22%
Over 1,000,000 shares	12	0	82,037,914	-	95.43%	0.00%
	612	6	85,767,875	198,795	99.77%	0.23%

31 March 2011

Description	SHAREHOLDERS		NO OF SHARES		PERCENTAGE	
	Local	Foreign	Local	Foreign	Local	Foreign
1 to 1000 shares	363	1	76,090	33	0.44%	0.00%
1001 to 10,000 shares	39	1	108,419	1,766	0.63%	0.01%
10,001 to 100,000 shares	14	1	569,995	37,200	3.32%	0.22%
100,001 to 1,000,000 shares	9	-	3,686,977	-	21.44%	0.00%
Over 1,000,000 shares	3	-	12,712,854	-	73.94%	0.00%
	428	3	17,154,335	38,999	99.77%	0.23%

Top 20 Shareholders as at

	Shares	31 March 2012		Shares	31 March 2011	
		Percentage	Percentage		Percentage	Percentage
1 M J F Holdings Ltd	23,100,080	26.87		4,620,016	26.87	
2 Dr. T. Senthilverl	20,483,300	23.83		4,111,600	23.91	
3 Mr. K. R. Ravindran	17,906,190	20.83		3,981,238	23.16	
4 Mr. A. N. Esufally	3,903,330	4.54		780,666	4.54	
5 Mr. S. Nadesan	3,600,000	4.19		720,000	4.19	
6 M J F Exports Ltd	2,616,160	3.04		523,032	3.04	
7 Mr. K. R. Ravindran (Jnr)	2,509,000	2.92		101,800	0.59	
8 Saboor Chatoor (Pvt) Ltd	2,156,000	2.51		431,166	2.51	
9 Mr. M. F. Hashim	1,819,449	2.12		340,800	1.98	
10 Mr. G. S. Chatoor	1,447,000	1.68		289,332	1.68	
11 Printcare (Ceylon) Ltd - Employee Share Trust Fund	1,333,645	1.55		266,729	1.55	
12 Mr. D. Warnakulasooriya	1,167,260	1.36		233,452	1.36	
13 Lloyd and Lloyd Ltd	483,665	0.56		96,733	0.56	
14 Ms. P. Ravindran	462,330	0.54		92,466	0.54	
15 Mr. E. Chatoor	433,500	0.50		86,666	0.50	
16 Mrs. N. Chatoor	433,500	0.50		86,666	0.50	
17 Mr. A. Chatoor	433,500	0.50		86,666	0.50	
18 Mr. J. W. Burton	186,000	0.22		37,200	0.22	
19 Mr. A Sithampalam	117,500	0.14		24,500	0.14	
20 A Z Holdings (Pvt) Ltd	112,500	0.13		22,500	0.13	
	84,703,909	98.53		16,933,228	98.47	

Percentage of Shares held by public as at 31 March 2012 - 22.05% (2011 - 19.64%)

NOTICE OF MEETING

Notice is hereby given that the Thirty First Annual General Meeting of Printcare PLC will be held at the registered office of the Company at No. 77, Nungamugoda Road, Kelaniya on 5 July 2012, at 3.00 p.m. to transact the following business.

- To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2012 and Report of the Auditors thereon.
- Re-Election of Directors by Rotation
 - Mr. A.N. Esufally, who retires by rotation as a Director in terms of Article No. 84 of the Articles of Association.
 - Mr. E. Chatoor, who retires by rotation as a Director in terms of Article No. 84 of the Articles of Association.
 - Ms. A. Coomaraswamy, who retires by rotation as a Director in terms of Article No. 84 of the Articles of Association.
 - Mr. S. Scarff, who retires by rotation as a Director in terms of Article No. 84 of the Articles of Association.
- Re-election of Directors in terms of section 211 of the Companies Act no 7 of 2007
 - Mr. Merrill J. Fernando, who is 82 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Accordingly, the following resolution to be passed for this purpose, if thought fit.

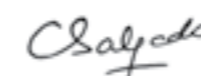
IT IS HEREBY RESOLVED: "To re-elect Mr. Merrill J. Fernando, who is 82 years of age as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Merrill J. Fernando."

- Mr. D. Warnakulasooriya, who is 73 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Accordingly, the following resolution to be passed for this purpose, if thought fit.

IT IS HEREBY RESOLVED: "To re-elect Mr. D. Warnakulasooriya, who is 73 years of age as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. D. Warnakulasooriya."

- To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

By Order of the Board
MANAGERS & SECRETARIES (PRIVATE) LIMITED



Secretaries
Colombo
21 May 2012

Note:

A member is entitled to appoint a proxy to attend and vote in his/her behalf and proxy need not be a member of the Company. A form of proxy is enclosed for this purpose. The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company, not less than forty-eight hours before the time for the meeting.

FORM OF PROXY

I/We _____

of _____

being a member/members of Printcare PLC hereby appoint,

Mr. M.J. Fernando	or failing him
Mr. A.N. Esufally	or failing him
Mr. K.R. Ravindran	or failing him
Mr. E. Chatoor	or failing him
Mr. D. Warnakulasooriya	or failing him
Ms. A. Coomaraswamy	or failing her
Mr. S.J. Scarff	or failing him

as my/our proxy to represent me/us, vote for me/us, and speak on my/our behalf at the 31st Annual General Meeting of the Company to be held on the 5 July 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signature

Instructions as to Completion

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested on the manner prescribed by its Articles of Association.
2. The full name and address of the Proxy holder and of the shareholder appointing the Proxy holder should be entered legibly in the Form of Proxy.
3. The duly completed Form of Proxy must be deposited at the Registered Office of the Company at 77, Nungamugoda Road, Kelaniya not later than 48 hours prior to the time appointed for the holding of the meeting.
4. In the case of a proxy signed by an Attorney the relevant Power of Attorney or a certified copy thereof should also accompany the completed Form of Proxy and must be deposited at the Registered Office of the Company for registration.



Partnerships For Perfection



QUALITY

INNOVATION

SUSTAINABILITY

