THE NEXT LEVEL

ANNUAL REPORT

2017

Printcare helps bring life to your brand

Our innovative high quality printing and packaging helps ensure that your brand promise is delivered tangibly...

This cover design incorporates Gloss UV and Silver Foiling on synthetic 200gsm paper.
The inner pages are printed on synthetic 95gsm paper.

The Annual Report has been printed on synthetic paper which has been manufactured by conserving natural resources, such as water, and is 100% tree-free. The paper is free of toxins, heavy metals and contains no softening agents.
This 100% recyclable paper is known for its water resistance, bending resistance and tear resistance.

CORPORATE INFORMATION

LEGAL STATUS

Printcare PLC was incorporated as a Private Limited Liability Company
on 3rd September 1979
under the Companies 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
Anushya Coomaraswamy
Aslam Mehdi

REGISTERED OFFICE

77 Nungamugoda Road, Kelaniya.

STOCK EXCHANGE LISTING

Colombo Stock Exchange

AUDITORS

Messrs. Ernst & Young
Chartered Accountants

LAWYERS

D.L. & F. De Saram
Attorneys-at-Law and Notaries Public

SECRETARIES

Managers & Secretaries (Pvt) Limited

BANKERS

National Development Bank PLC
Standard Chartered Bank
Hong Kong and Shanghai Banking Corporation Limited
Nations Trust Bank PLC
Bank of Ceylon
Hatton National Bank PLC
Union Bank of Colombo PLC

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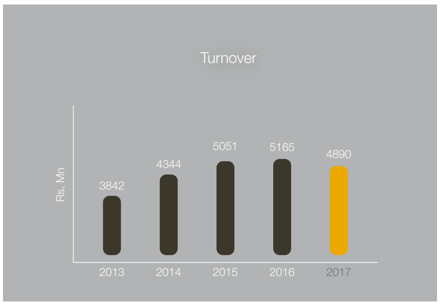
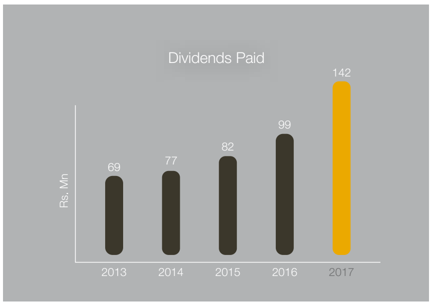
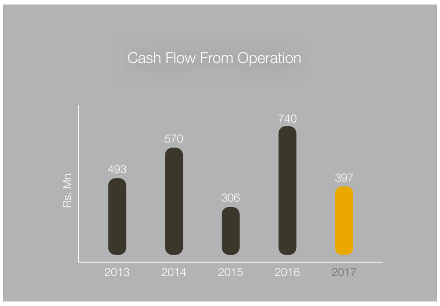
FINANCIAL HIGHLIGHTS

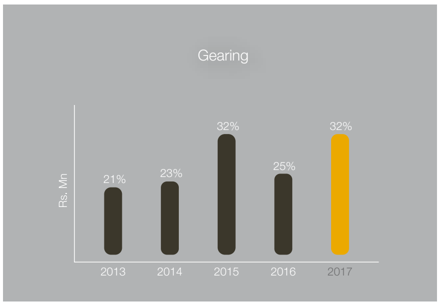
YEAR ENDED 31 MARCH

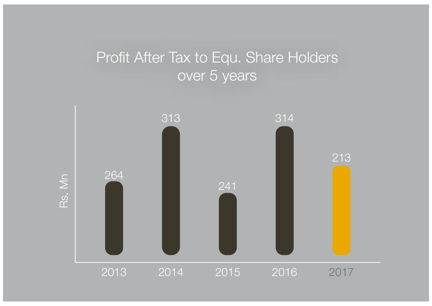
	2017	2016	Change	2015
TRADING RESULTS				
Turnover (Rs. '000s)	4,889,545	5,165,086	-5%	5,051,312
Profit Before Tax (Rs. '000s)	309,156	424,994	-27%	376,294
Profits attributable to equity shareholders (Rs. '000s)	213,474	313,993	-32%	241,042
Ordinary Dividend - Gross (Rs. '000s)	157,597	107,707	46%	86,588
Cash from Operations (Rs. '000s)	397,029	739,997	-46%	305,522
BALANCE SHEET HIGHLIGHTS				
Total Assets (Rs. '000s)	5,489,173	5,024,342	9%	5,031,701
Total Equity (Rs. '000s)	3,031,960	2,946,085	3%	2,703,470
KEY RATIOS				
Gearing (%)	31.79%	25.22%	26%	31.70%
Return on Average Shareholders Funds (%)	7.48%	11.60%	-36%	9.58%
Return on Average Total Capital (%)	8.99%	12.20%	-26%	12.45%
SHARE INFORMATION				
Net Asset Value per Share (Rs.)	33.62	33.01	2%	30.69
Earnings Per Share (Rs.)	2.48	3.68	43%	2.85
Dividends per Share (Rs.)	1.65	1.15	-33%	0.95
Market Price Per Share at the year end (Rs.)	34.60	38.40	-10%	37.00
No of Shares ('000)	85,967	85,967	0%	85,967
Market Capitalization (Rs. '000s)	2,974,447	3,301,120	-10%	3,180,767
P/E Ratio (x)	13.93	10.43	34%	12.99

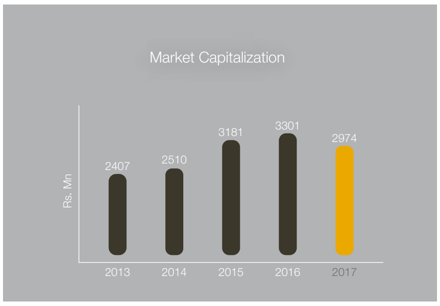












CHAIRMAN'S STATEMENT

Dear Shareholder,

Your Directors are pleased to present the Annual Report and Audited Accounts of Printcare PLC and of its subsidiaries for the year ended 31 March 2017.

In the year under review your Company recorded a Turnover of Rs. 4,890 million and Profit Before Tax of Rs. 309 million compared with corresponding figures of Rs. 5,165 million and Rs. 425 million the previous year.

As the figures foretell, last year has been a challenging time for your Company. Being an export focused business, we were impacted by Global events over which your company had little control.

Your Company has a big exposure to businesses operating in the United Kingdom, where we have worked hard to build a market. The UK voting to exit the European Union – commonly known as 'Brexit' - sent the British Pound's exchange rate spiraling downwards, and that resulted in a substantial loss to the Company – both in terms of immediate loss in parity on our inward remittances, and because we were forced to ship unfulfilled contracts at the resulting disadvantageous Rupee price. When prices were revised at the end of the contracts, in some cases it was no longer possible to compete with the local suppliers situated close to our customer and delivering just-in-time. As a result we lost some crucial business.

However, we have taken steps to nullify the impacts of Brexit by improving our customer service in the UK by setting up a sales office there. I am happy to say that this move has already begun to fetch results in the carton business.

The local market for tea tags and envelopes, as I explained last year, is fully saturated with excess capacity and is currently driven by unsustainably low pricing. In time prices will start returning to normal levels but I fear the situation may get worse before it gets better. For our part we are continuing to focus on streamlining our production to improve our productivity and reduce costs and develop innovative new value additions.

We are also looking to offset the weakness in this business by expanding our pressure sensitive and value added label business. We are now the market leader in the self-adhesive labels segment in this country. More and more FMCG and Pharmaceutical brands are moving from paper to self adhesive labels, and our concentration on quality, service and innovation are increasing our high end consumer base.

As a post balance sheet event, I can tell you that your Company has made a substantial investment in new technology which can change the face of the local label industry. We decided on this step due to our need to diversify within our core expertise in the printing field. Whilst the investment is large and thus will need a reasonable amount of time to settle down and pay dividends, it opens up a completely new field and allows us to make available technologically advanced packaging to our customers which was hitherto unavailable. This will enable them on their part to enhance the image of their own product by upgrading their own primary packaging which can only do good for them and consequently to us.

It would be unfair to expect positive results from this investment overnight but we believe that there is every likelihood of the new project being a winner in the medium term.

We are happy with the progress of our subsidiary in India. Your Company's strategy to aggressively service smaller but fast growing Indian companies in India, is continuing to produce good results in increasing our market share of the Indian tea bag industry. We continue to be the largest player in the Indian tea tag market.

The security printing business has shown growth despite increased competition. We have grown stronger in both the telecom and the lottery sector, and customers continue to have confidence in our ability to produce highly secure and quality products. We continue to look for more export opportunities in this segment as well.

We entered into a joint venture in collaboration with a world renown partner, 'Checkpoint systems', a few years ago to produce Radio Frequency Identification tags and labels for the apparel segment. This business had performed well for us, however last year our partner was acquired by another larger multi national - CCL Industries, who has since decided that they prefer to go their own way and set up their own business in Sri Lanka without a local partner. This is a set back for us, however we are in the process of looking for new ways to deploy the know how we have developed in this field.

Last year I reported that your Company entered into a joint venture with one of the world's largest branded packaging and trims supplier to the apparel industry. Our service to the local apparel industry is showing good growth. We are now beginning to make profits and hopefully this segment will enhance revenue in the years ahead.

I have to report to you my concern of the Government proposals to remove all cesses from imported print products. This will remove the little protection we have from products being dumped on us and can have a serious negative impact on our industry in general.

In the absence of an acceptable quality of power supply, inexpensive cost of finance, equal level of infrastructure, and issues with refund of funds from treasury or inland revenue, we will not be able to compete against cheap imports from large sub continent countries by companies using marginal costing. it is clear that a lot still needs to be done before speaking about competing in the open market with other developed countries. I must caution our government against venturing on this road without ensuring that we are all operating on a level playing field.

Your directors have declared a 2nd interim dividend of Rs 0.40 per share, taking the total dividend declared for this financial year to Rs.1.0.

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

Your Company provides an environment guided by sustainability, innovation, quality, CSR, and loyalty to its customers – this is the collective contribution of every member of our staff. All Directors join me in expressing our sincere thanks to our staff, our customers, our business partners and to our shareholders for their confidence in the Company.

Merrill J Fernando
Chairman
14 July 2017

DIRECTORS' PROFILE

Mr. M. J. Fernando | Chairman

Merrill J Fernando is the founder of the MJF Group of Companies and the global brand, DILMAH which re-launched Ceylon Tea globally. He developed the first ever tea brand from a tea producing country, which is competing successfully with multinational brands to become the respected global brand name for freshness and quality.

He pioneered value addition to tea at origin, combined with branding and marketing, thus retaining in Sri Lanka the profits which are lost by the producer to traders who engage in the most profitable segments of the industry; blending and branding, overseas. He showed producers of raw material the way out of the commodity trap.

In his commitment to care and share, Mr. Fernando established the MJF Charitable Foundation, a charity that works to create better conditions for plantation workers, underprivileged children, elders and society's victims.

Mr. A.N. Esufally | Deputy Chairman

Mr. Abbas 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 has experience in business of over 40 years in Sri Lanka and overseas and has been in the forefront of the leisure industry in Sri Lanka. He is the Chairman of Serendib Hotels PLC, Dolphin Hotels PLC and Sigiriya Hotels PLC. He is also a Director of several other companies including Hemas Holdings PLC, Royal Palms Beach Hotels PLC and Mahaweli Reach Hotels PLC. He currently serves as Chairman of the Mercantile Service Provident Society. He is a member of the Tourism Advisory Council appointed by the Hon. Minister of Tourism and a Member of the Tourism Task Force appointed by the Hon. Prime Minister of Sri Lanka.

Mr. K.R. Ravindran | Managing Director

Mr. K.R. Ravindran, Co-Founder and CEO of Printcare PLC, has over 40 years of experience in the printing and packaging industry. He is a graduate in Commerce from Loyola College, formerly University of Madras, India. He also serves as a Director in all of the group companies as well as other companies and charitable trusts.

In 2015/16, Mr. Ravindran served as the President of the Chicago headquartered 108 year old Rotary International, one of the world's largest service organizations. He also served as a member of its Board of Directors. He is the only Sri Lankan and the tenth Asian to have ever been elected to this prestigious office.

He was conferred with the title of Sikhamani by the Government of Sri Lanka.

Mr. E. Chatoor | Non-Executive Director

Mr. Ejaz Chatoor has been a 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 of spices and other agricultural products from Sri Lanka. 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. Dayasiri. 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, certification on ISO 9001-2008.

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).

Mr. Warnakulasooriya serves in the following roles:

- Past President of the Sri Lanka Ceramics Council.
- Vice Patron of JASTECA (Japan Sri Lanka Technical and Cultural Association).
- Past Chairman of the Board of Trustees of the Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.
- Vice President of the Lanka Japan Business Cooperation Committee.
- Past President (85th) of the Rotary Club of Colombo.

Ms. A. Coomaraswamy | Independent Non - Executive Directors

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 and Janashakthi General Insurance Limited and as a Director of a Not for Profit Organisation.

Mr. A. Mehdi | Independent Non-Executive Director

Mr Aslam Mehdi currently holds the position of Managing Director & Chief Executive Officer Bulleh Shah Packaging (A Stora Enso and Packages Group JV). He has a MSC in Physics from Karachi University, MBA from Institute of Business Administration Karachi and a PMD from Harvard Business School.

He currently serves on the board of : Packages Ltd, Tri- Pack Films Ltd (a Packages Group & Mitsubishi Corporation JV), DIC (Pakistan) Limited, (JV Packages and DIC Japan), Packages Lanka (Private) Ltd., Packages Construction (Pvt) Ltd, Tetrapak Pakistan Limited.

He is currently a member of the Board of Governors of the National Management Foundation of the Lahore University of Management Sciences (LUMS) and also serving on the Board of Trustees of Packages Foundation.

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 of the Company and the Group, for the year ended 31 March 2017, to be presented at the Thirty Sixth Annual General Meeting of the Company.

REVIEW OF THE YEAR

The 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 cartons and security printing.

FINANCIAL STATEMENTS

The financial statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting Standards and in compliance with the requirements of Section 151 of the Companies' Act No 7 of 2007 and presented on pages 62 to 105 of this Annual Report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is on page 61 of this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements are given from pages 68 to 80. There were no changes in Accounting Policies adopted by the Company during the year under review.

GROUP FINANCIAL RESULTS - PROFIT AND APPROPRIATIONS

	2017	2016
	Rs. '000	Rs. '000
Turnover	4,889,545	5,165,086
Profit Before Tax	309,157	424,994
Less: Taxation	(67,953)	(76,885)
Profit After Tax	241,204	348,110
Minority Interest	(27,730)	(34,117)
Net Profit for the year	213,474	313,993
Transfer to Other Reserves	(666,948)	(113)
Other adjustments	(1,083)	(3,317)
Profit Brought Forward	2,197,363	1,984,934
Dividends Paid	(141,854)	(98,134)
Retained Earnings	1,600,952	2,197,363
Earnings Per Share	Rs. 2.48	Rs. 3.68
Dividends Per Share	Rs. 1.65	Rs. 1.15
Net Asset Value Per Share	Rs. 33.62	Rs. 33.01

Market Value Per Share		2017		2016
Highest Value	03.08.2016	Rs. 42.90	11.08.2015	Rs. 43.90
Lowest Value	27.03.2017	Rs. 27.00	09.03.2016	Rs. 32.00
Market Value at year end	31.03.2017	Rs. 34.60	31.03.2016	Rs. 38.40

PROPERTY, PLANT & EQUIPMENT

During the year under review the Group invested a sum of Rs. 275,140,967/- (2016 Rs. 106,633,808/-) in Property, Plant & Equipment of which Rs. 13,827,413 /- was on Freehold Land, Rs. 48,361,329/- in Building on Freehold Land, Rs. 186,310,461/- in Machinery & Equipment, Rs. 8,889,696 /- in Computer and other Equipment Rs. 1,949,290/- in Furniture and fixtures and Rs. 15,802,778/- In Motor Vehicles.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 7 to the Financial Statements.

INVESTMENTS

Details of long-term Investments held by the Company are given in Notes 9 to 12 to the Financial Statement.

DIRECTORS' RESPONSIBILITIES

The Statement of Directors' Responsibilities is given on page 9 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 a statement is disclosed on pages 10 to 12.

RESERVES

The Reserves and Accumulated Profits as at 31st March 2017 amounted to Rs. 2,890,068,211/- vs Rs. 2,816,130,135/- as at 31st March 2016. The breakup and the movements are shown in the Statement of Changes in Equity on pages 64 to 65 of this Annual Report.

STATED CAPITAL

As per the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 271,893,021 as at 31st March 2017 and was unchanged during the year. The details are given in Note 18 to the Financial Statements on page 94.

POST BALANCE SHEET EVENTS

There were no material events occurring after the Balance Sheet date that require adjustments, or disclosure in the Financial Statements other than those mentioned in Note 28 to the Financial Statements.

STATUTORY REQUIREMENTS

The declaration relating to statutory requirements is made in the Statement of Directors' Responsibilities on page 9.

INTERESTS REGISTER

Details of the transactions with Director-related entities are disclosed in Note 25 to the financial statements on pages 99 to 100 and have been declared at Board meetings, 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 appointed to the Audit Committee of the Board.

1. Ms. A Coomaraswamy (Chairperson)
2. Mr. S. A. Mehdi

The report of the Audit Committee on page 13 sets 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.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Following are the names of the Independent Non-Executive Director and the Non Executive Director appointed to the Related Party Transactions Review Committee of the Board.

1. Ms. A Coomaraswamy (Chairperson)
2. Mr. D. Warnakulasooriya

The report of the Related Party Transactions Review Committee on page 17 sets out the manner of compliance by the Company in accordance with the requirements of section 9 of the listing Rules of the Colombo Stock Exchange.

REMUNERATION COMMITTEE

Following are the names of the two Independent Non Executive Directors and one Non Executive Director appointed to the Remuneration Committee of the Board.

1. Mr. S.A.Mehdi (Chairman)
2. Mr. A. N. Esufally
3. Ms. A. Coomaraswamy

The report of the Remuneration committee on page 14 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 25.3 to the Financial Statements on page 100.

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholding, market value of shares and Twenty largest Shareholders are given on page 108.

The earnings per share, dividends per share and net assets per share are given in the 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 have offered themselves for re-election.

Mr. A.N. Esufally
Mr. E.G. Chatoor
Ms. A. Coomaraswamy
Mr. S.A.Mehdi

In accordance with Section 211 of the Companies Act No 7 of 2007, Mr. Merrill J Fernando who is 87 years of age and Mr. D. Warnakulasooriya who is 78 years of age, retire and being eligible have offered themselves for re-election.

DIRECTORS' SHAREHOLDING

The interest of the Directors in the shares of the Company as at 31st March 2017 were as follows;

No. of Ordinary Shares as at	31.03.2017	31.03.2016
Mr. M. J. Fernando	-	-
Mr. K. R. Ravindran	17,906,190	17,906,190
Mr. A.N. Esufally	3,903,330	3,903,330
Mr. E. Chatoor	433,500	433,500
Mr. D. Warnakulasooriya	1,167,260	1,167,260
Ms. A. Coomaraswamy	-	-
Mr. S. A. Mehdi	-	-

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. A. Mehdi who are Non-Executive Directors of the Company have submitted a signed and dated declaration to the Board of their Independence.

Whereas the Board of Directors of Printcare PLC having noted that Ms. A. Coomaraswamy has served on the Board of the Company continuously for a period exceeding nine years from the date of the first appointment, and that all Directors have made a formal declaration of all their interests on an annual basis resolves as follows, in terms of Rule no.7.10.3 (a) of the listing rules of CSE.

IT IS HEREBY RESOLVED that, based on the declarations made as noted above and notwithstanding that Ms. A. Coomaraswamy has completed more than 9 consecutive years as a Director, nevertheless the Board considers her "Independent" given her impartial approach to the deliberations of the Board.

AUDITORS

A resolution to re-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 Board on 14 July 2017 resolved to recommend to shareholders the re- appointment of the Auditors.

The Audit fees and expenses paid to the Auditors is disclosed in Note 4.5 on page 83 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 Auditors, 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 of the Audit Committee are set out in the Audit Committee's Report on page 13.

NOTICE OF MEETING

The Annual General Meeting will be held at the Registered office of the Company at No: 77, Nungamugoda Road, Kelaniya on 2 October 2017 at 3.00 p.m.

The Notice convening the Annual General Meeting appears on page 109.

For and on behalf of the Board.

K R Ravindran
Director

Anushya Coomaraswamy
Director

Managers & Secretaries (Pvt) Ltd
Secretaries
14 July 2017
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 its transactions and prepares 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 No. 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 and minutes of Shareholders and Directors meeting and express their opinion in their report on page 61 of the Annual Report.

By Order of the Board
Printcare PLC

Managers & Secretaries (Private) Limited
Secretaries
Colombo
14 July 2017

CORPORATE GOVERNANCE

Corporate Governance at Printcare means creating value to 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 while continuing 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. Members of the Board possess substantive knowledge and experience in a variety of industries and fields. The Managing Director has over 40 years of experience in the printing and packaging industry.

The balance between the Executive and Non Executive Directors is maintained as per SEC regulations. Each Director provides independent judgement on major issues discussed at Board meetings. All Directors have attended Board meetings and discharged their duties in a conscientious and responsible manner. The Company has adopted an 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 shareholders independently and objectively.

Each director has a responsibility towards independence and conflict of interest is avoided by taking judgements or decisions after stating their independence to the transaction. Such potential direct and indirect material relationships with the Company are reviewed by the Board from time to time.

THE BOARD'S KEY RESPONSIBILITIES

The Printcare Board of Directors represent 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.
- Exercising other powers, functions and duties as conferred by the Company's articles of association.

Member's Name	23rd May 16	29th Jul 16	19th Oct 16	28th Feb 17
M.J. Fernando	Y	Y	X	X
A.N. Esufally	Y	X	Y	Y
K.R. Ravindran	Y	Y	Y	Y
E. Chatoor	Y	Y	Y	Y
D. Warnakulasooriya	X	X	Y	X
A. Coomaraswamy	Y	Y	Y	Y
S.A. Mehdi	X	Y	X	Y

"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 three 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. The Committee is responsible for 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 statutory compliances.

The Audit Committee report including the areas reviewed during the financial year 2016/17 is presented on page 13.

REMUNERATION COMMITTEE

The Remuneration Committee consists of two Independent Non Executive Directors and a Non Executive Director. 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 Remuneration Committee report and the subjects reviewed during the financial year are presented on page 14.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee consists of an Independent Executive Director and a Non Executive Director. The objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions are taken note of and dealt with in a manner consistent with the code of listing rules.

SHAREHOLDER RELATIONSHIP

The Shareholders' role as explained in the code of best practices is to appoint directors and auditors and to satisfy themselves that an 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 the scheduled Annual General Meeting to ask questions from the Board of Directors on these statements. The content of the Annual Report enables the existing and prospective stakeholders to make better informed decisions in their dealings in the Company securities.

ECONOMIC, ENVIRONMENTAL AND SOCIAL ENGAGEMENT WITH STAKEHOLDERS

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

The Company frequently engages in issues pertaining to economic and social related aspects. Our 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 on pages 18 to 60.

A group wide environmental management system has been implemented and the Group has placed a great deal of emphasis on environmental factors such as energy, water, waste management and materials. These have been described in detail in the Environmental Impact section on page 36.

RISK MANAGEMENT

The Company has adopted an Enterprise Risk Management methodology to assess the potential multitude of risk exposure in each of the group Companies. After identifying the significant risks, relevant response strategies were formulated in the year under review. This is a continuous process and quarterly report is presented to the Board of Directors. More details are provided on pages 15 to 16 and note 29 on pages 101 to 105 of the Financial Statements.

REPORTING

The Directors are responsible for furnishing information to shareholders in relation to Financial Statements with adequate information as are depicted in the Annual Report. The Financial Statements 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 Financial Statements by the Board of Directors.

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

MEMBERSHIPS MAINTAINED BY PRINTCARE GROUP DURING THE YEAR 2016/17

Employers' Federation of Ceylon (EFC)
Ceylon Chamber of Commerce
Sri Lanka Tea Board
National Chamber of Commerce
Sri Lanka Association of Printers
Sri Lankan Business and Biodiversity Platform - (Patron member)

COMPLIANCE

The Company's compliance with its statutory obligations is monitored regularly by the Management to ensure that they have all been met. In addition, the Board is also briefed on a quarterly basis by the Audit Committee which also monitors the statutory compliance reports periodically. A set procedure has also been implemented to validate the Board's own performance.

The Group's level of compliance with the CSE's new listing rules – Section 7.10 and Section 9 on Corporate Governance is provided on page 12.

CSE Rule No	Subject	Description	Compliance
7.10.a/b/c	Compliance	Compliance with Corporate Governance rules should be disclosed in the annual report	√
7.10.1.(a)	Non Executive Directors (NED)	At least 2 or 1/3 of total number of Directors, whichever is higher should be NED's	√
7.10.2.(a)	Independent Directors	2 or 1/3 of NEDs, whichever is higher, should be "independent"	√
7.10.2.(b)	Independent Directors	Annual declaration of independence should be submitted by each NED	√
7.10.3.(a)	Disclosure relating to Directors	a) The board should determine annually as to the independence or otherwise of each NED	√
		b) Names of the Non Executive Directors' should be disclosed in the annual report	√
7.10.3.(b)	Disclosure relating to Directors	b) If the Director doesn't qualify as independent, the Director should specify the criteria not met and the basis for the determination in the annual report	√
7.10.3.(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the annual report including the Director's areas of expertise	√
7.10.3.(d)	Disclosure relating to Directors	A brief resume of new Directors appointed to the board with details specified in 7.10.3(a),(b) and (c) should be provided to the CSE	√
7.10.4(a-h)	Determination of independence	Requirements for meeting the criteria	√
7.10.5	Remuneration Committee (RC)	A listed company should have a Remuneration Committee	√
7.10.5 (a)	Composition of Remuneration Committee	The committee should comprise of NEDs, a majority of whom will be independent	√
		One NED should be appointed as chairman of the committee by the Board of Directors	√
7.10.5 (b)	Functions of Remuneration committee	The Remuneration Committee should recommend the remuneration of the Chief Executive Officer (CEO) 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	√
		c) Aggregate remuneration paid to EDs and NEDs	√
7.10.6	Audit Committee (AC)	A listed company should have an Audit Committee	√
7.10.6 (a)	Composition of Audit Committee	a) The committee should comprise of NEDs majority of whom shall be Independent	√
		b) A NED should be the Chairman of the committee	√
		c) The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) 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(SLFRS/LKAS)	√
		b. Compliance with financial reporting requirements, information requirement of the Companies' Act and other relevant financial reporting related to 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. The names of Directors comprising the Audit Committee	√
		b. The Audit Committee should make a determination of the independence of the External Auditors and disclose the basis for such determination	√
		c. The annual report should contain a report of the Audit Committee setting out the manner of compliance with their functions	√
9.1 / 9.2 / 9.3	Related Party Transaction	Obtain shareholders' approval in the event of recurrent and non-recurrent transactions, compliance with Related Party Review Committee procedures and disclosures to CSE and in the annual report based on criterian	√

AUDIT COMMITTEE REPORT

The Audit Committee of the Company consists of two Independent Non Executive Directors with several years of experience in Finance and Management.

The Committee is chaired by a fellow of the Institute of Chartered Accountants of Sri Lanka.

OBJECTIVES OF THE AUDIT COMMITTEE

The Audit committee, whose primary purpose is to assist the Board in performing its duties effectively and efficiently, works towards meeting the following objectives.

- Oversees the preparation and presentation and the adequacy of disclosures in the financial statements in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/ LKAS).
- Ensures compliance with the financial reporting and information requirements of the Companies' Act, and with other regulations relevant to financial reporting.
- Ensures that the internal controls and risk management processes that are in place are adequate to meet the requirements of the Sri Lanka Accounting Standards (SLFRS/ LKAS) and general best commercial practice.
- Assesses the independence, performance and the qualifications of the external auditors.
- Makes recommendations to the Board pertaining to the appointment, re-appointment and/or removal of external auditors,
- Approves the remuneration and terms of engagement of the external auditor.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee held four meetings during the year. The Managing Director, Chief Financial Officer and Internal Auditors (who are outsourced) were present at these meetings by invitation. Other officials of the Company were also invited to attend the meetings when required. The External Auditors were invited to meetings at which matters pertaining to their functions were to be discussed.

The key findings and views of the Audit Committee were communicated to the Board of Directors by tabling the minutes of the meetings of the Committee at the Board Meetings, and through verbal reporting at Board Meetings as and when required.

RESPONSIBILITIES AND ACTIVITIES CARRIED OUT DURING THE YEAR

The Audit Committee carried out the following activities during the financial year ended 31 March 2017.

- 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 and discussed the Group's unaudited quarterly financial statements with the management before they were submitted to the CSE.
- Reviewed and discussed the annual financial statements with the management and the external auditors prior to publication, including the appropriateness of the accounting policies, material judgmental matters, and the extent of compliance with the Sri Lanka Accounting Standards as adopted by the Company and its subsidiaries.
- Reviewed and discussed with management and the external auditors the adequacy of disclosures in the financial statements as required by applicable laws, rules and guidelines.
- Reviewed the processes for the identification, evaluation and management of significant risks and the remedial measures taken to mitigate them.
- Reviewed the Statutory Compliance Reports submitted quarterly by the management to ensure that a proper framework was in place in order to comply with the relevant rules, laws and regulations. Reports from the internal auditors on the same were reviewed and discussed.
- 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 were implemented.

The Committee reviewed with the management the Internal Controls systems and Risk Management procedures in the Group and actions were taken to improve the same. With the actions taken to address the gaps identified, the Committee is satisfied with the implementation of the Group's internal controls and Risk Management Framework and that the Group's assets are adequately safeguarded.

The Committee is also satisfied that the application of appropriate accounting policies provides reasonable assurance that the financial statements of the Group are true and fair.

The Group's Internal and External Auditors have been effective and independent throughout the year.

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

A Coomaraswamy

Anushya Coomaraswamy
Chairperson, Audit Committee
14 July 2017

Member
Aslam Mehdi

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of three Non Executive Directors, two of whom are independent to ensure that the current remuneration policy supports the strategic aim of the business by enabling the company to attract, motivate, develop and retain high caliber senior executives, while complying with the requirements of regulatory and governance bodies, and satisfying the expectations of the shareholders.

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 the appropriate professional, managerial and operational expertise necessary to create value for Shareholders and to support the Company's mission;
- Making sure that the remuneration packages of senior executives are linked to individual performance, responsibility, expertise and contribution.
- Practice policies, which will fairly and responsibly reward the Chief Executive Officer and senior executives based on the financial performance of the Group;
- Ensuring that the Company had appropriate remuneration policies and an effective 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 senior executive staff.

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 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. The Committee was satisfied that it had been structured in a fair and equitable manner to both employee and the company.

The Committee also reviewed the operation of the Performance Evaluation and Development Plan which is used to measure how well managers have achieved the set business objectives as well as track the development of the necessary managerial competencies.

Aslam Mehdi
Chairman, Remuneration Committee
14 July 2017

Members
Anushya Coomaraswamy
Abbas Esufally

RISK MANAGEMENT

Taking risks is an inherent part of entrepreneurial behavior. A structured risk management process encourages management to take risk in a controlled 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 and dynamic 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 working closely 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 Steering Committees formed at the Business Unit level supervised by the Group Risk Unit. The business entity based risk steering committees are responsible for identifying, evaluating and managing the risks. The committee includes personnel from different divisions with diverse experience, to implement, control and review the process on a regular basis.

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 recognizes different risk under four broad categories, such as strategy, operational, compliance and financial. Under each category, specific potential risks are identified which are then ranked on a scale of 1 to 5 in terms of business impact and likelihood of occurrence to ascertain a risk score for each risk. The product of these risk rankings are then tabulated in a risk template that rates the risks on a scale of 'Insignificant' to 'Ultra Risk'.

Quantifying the size of the risk exposure enables the Company to prioritize the risks and plan mitigation strategies accordingly. The mitigation strategy would be to minimize, transfer, share or avoid the risks identified.

Given below is the summary of the risks faced by the Group and the action plans implemented to mitigate the exposure.

	Risk Exposure	Implication	Mitigating Actions
01	Strategic Risk	Economic dependency on the Tea Industry can cause instability in the performance of the Group.	• Group continues to explore new markets and business opportunities to diversify its operation to minimize dependency on the Tea Industry.
02	Strategic Risk	Loss of market share or market leadership due to competition from existing and potential competitors operating locally and in overseas.	• Continuous engagement to monitor customer feedback and continually develop innovations that add value to our customers and address their problems. • Enhanced productivity and efficiency to improve price competitiveness and continuous review of the existing production facility to improve quality and reliability. • Continuous dialog with the Government and trade associations on free trade agreements with other countries to ensure that a level playing field is maintained for local companies to compete with low cost imports.
03	Strategic Risk	The loss of principals and business partners due to global mergers acquisitions and intense competition can have a negative impact on the growth prospects of the Group.	• Regular assessment of the existing relationship and business processes with business partners and development of strategies to maximize value proposition to further strengthen the existing relationship. • Group continues to explore new market opportunities and develop new partnership to minimize dependency on few business strategic alliances.
04	Operational Risk	Radical changes in the environment have become a major challenge to businesses. Collosal damage due to natural disasters can adversely impact the going concern basis of the Group.	• As part of the process to mitigate the risk exposure, the group conducts gap analysis continuously to identify possible risks and recommends and implements appropriate preventive measures to minimize and/or prevent any financial loss. • Gap analyses is conducted to identify risks that need to be insured and to recommend appropriate products to ensure that the coverage is adequate.

05	Operational Risk	IT infrastructure has become a necessary tool for businesses to grow. However failure of IT systems can potentially disrupt day to day operation, resulting in significant financial losses.	• To mitigate the exposure the Group reviewed the adequacy of the IT infrastructure, to support the current business operation and assessed the security measures in place to protect against viruses,hacking and spy-ware. • Audits were carried out to assess the functionality of the disaster recovery plan to resurrect the key business processes and the business continuity plan for continuation of the business beyond disaster. Further the scope of software license agreement and maintenance agreement of machines with vendors are scrutinized. • Further the Group reviewed the policy on the use of Information Technology, audited the key IT processes and systems and the rights/compliance of employees and took corrective action to minimise any risks.
06	Operational Risk	Shortage of skilled and quality work force continue to pose a challenge for businesses operating in this Industry.	• The Group addresses the risk by implementing systems and processes to build a stronger employer brand image to attract high caliber workforce. Further, well focused training and development, career planning, talent management and job rotations were implemented at all levels of employees to develop a workforce with long term commitment. • Group has in place a performance-based rewards system for the senior management. • The Group conducted a company wide employee survey to identify areas for improvements and corrective action was taken to further improve the management employee relationship. • The Group continuously make use of market research to ensure that the compensation was on par with that was offered by the market.
07	Operational Risk	Losses due to fraud, human errors, inefficient processes, natural perils, loss of data and disclosure of sensitive information	• 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 internal audit firm carries out quarterly review and reports on the adequacy and effectiveness of these systems and level of compliance to the Group Audit Committee.
08	Operational Risk	The nature of the operations are such that the business entities operating in this Industry are continuously challenged to protect the environment from pollution.	• The environmental policy of the Group includes discharge of waste, water, energy and emissions, and the system in place ensures that the environmental laws and regulations are complied on a regular basis. • In addition the Group attempts to reduce the energy consumption by using energy efficient and environment friendly devices and installed water treatment plants to purify and recycle waste water.
09	Compliance Risk	The introduction of new regulations, amendments to existing regulations and the level of enforcement by the authorities locally and overseas, continue to pose a challenge to business entities to manage the uncertainties.	• Continuous effort by the Group to have regular discussions on such changes with knowledgeable sources to recognize the significance of the exposure and taking corrective measures helped to reduce the risk exposure. • In addition the Group has put in place dynamic internal processes to adapt to the changes as needed. The Group also participates in various forums to obtain clarity on new policies and regulations.
10	Financial Risk	Volatility in interest rates and currencies causes uncertainties and has an adverse impact on the performance of the Group.	• To mitigate the risk on finance the Group implemented pro active strategies to manage interest, liquidity and currencies efficiently and effectively. The cost of borrowing is minimised by constantly monitoring and forecasting the market interest rates and using appropriate hedging techniques. • Continuous discussions were held with experts knowledgeable on this subject to identify trends to manage the uncertainties.

RELATED PARTY TRANSACTION COMMITTEE

The Related Party Transaction Review Committee is appointed by the Board in accordance with the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and section 9 of the Listing Rules of the Colombo Stock Exchange.

The Committee comprises two members, an Independent Non- Executive Director, who also served as Chairperson during the year and a Non Executive Director.

The primary function of the Committee is to review Related Party Transactins (RPTs) as prescribed under Section 9 of the Listing Rules of the CSE, in order to ensure that transactions with related parties are on normal commercial terms, similar to those afforded to non-related parties.

All recurrent and Non recurrent RPTs were submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs were reviewed by the Committee prior to the transaction being entered into or if the transaction was expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for approval.

The Committee is satisfied that all RPTs have been reviewed by the Committee during the year 2016/17 and have, as relevant, communicated to the Board of Directors through verbal briefings, and by the tabling of the minutes of the Committee's meetings at meetings of the Board

Anushya Coomaraswamy
Chairperson
Related Party Transactions Review Committee
14 July 2017

Dayasiri Warnakulasooriya
Member

SUSTAINABILITY REPORT

MESSAGE FROM THE CEO

Printcare is a relatively small company but is committed to sustainable value creation, for its shareholders and varied stakeholder groups. We recognize 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.

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.

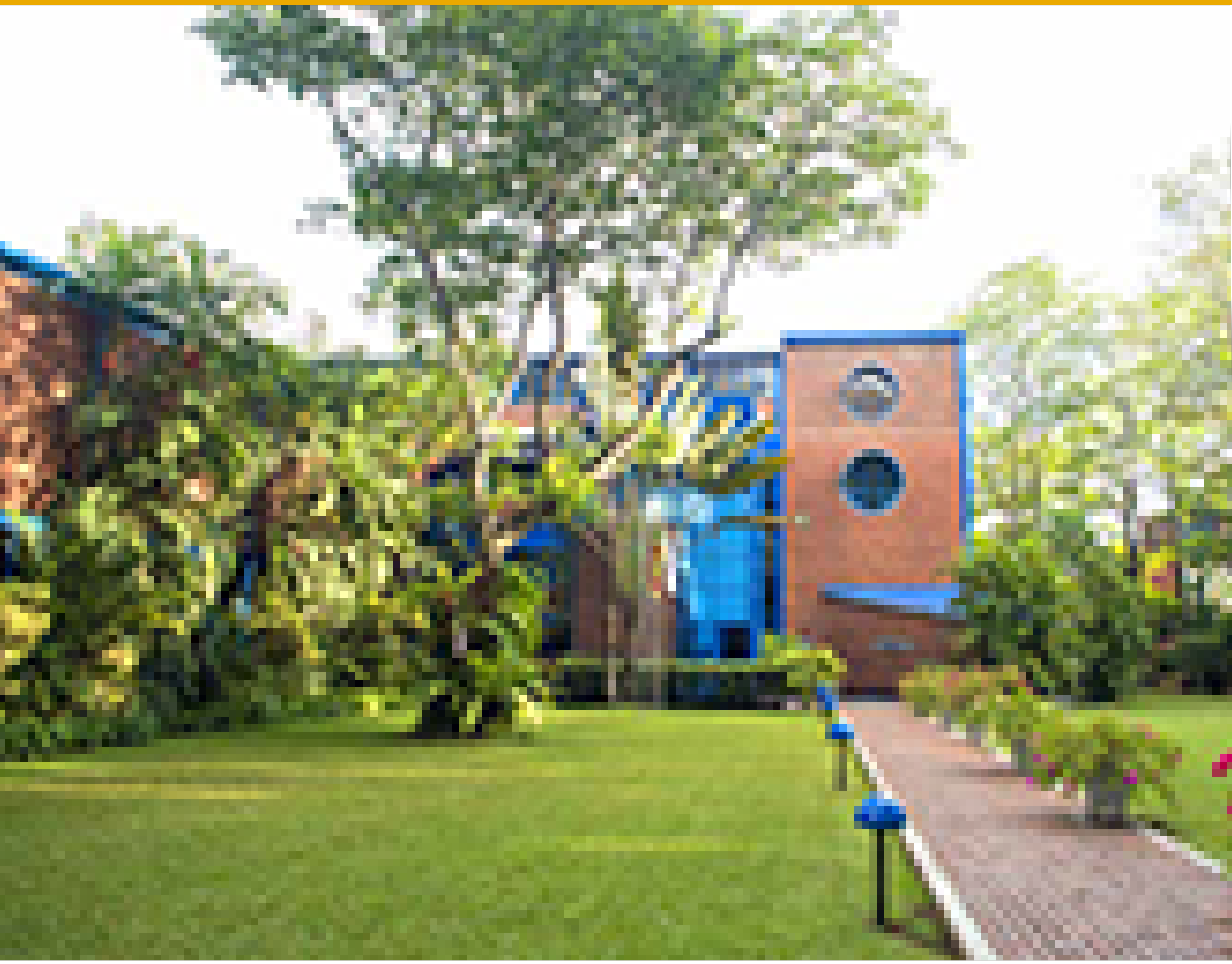
At Printcare, we do not wish it to be merely a program or a set of good intentions, but a set of behaviors and actions that are integrated with the business strategy of our Company and reflected in our culture. We believe sustainability is the growth opportunity of the 21st century, but we don't think 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 recognize that societal needs not just conventional economic needs, define markets, and social harms can create internal costs for firms over the long term.

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 the communities that we operate in.

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

CORPORATE PROFILE



ABOUT US

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 moved into other niche printing, packaging, and digital media growth markets. Today our customer portfolio includes leading firms in Tea, Apparel, FMCG, Telecommunications, Education, Publishing, Tobacco, Finance and Lottery industries.

For added customer convenience and flexibility, our innovative and world-class printing and packaging service capabilities are available at multiple locations. Printcare is now the largest packaging exporter in the country and an integral part of the global value added tea market.

Printcare PLC was incorporated as a Private Limited Liability company and was converted to a Public Limited Liability company in 1994. The holding company Printcare PLC and the operating subsidiaries Printcare Universal (Pvt) Ltd, Printcare Secure Ltd, Printcare Pre-media Services Ltd and Printcare Labels (Pvt) Ltd are located in Kelaniya, while its operating subsidiaries Printcare Packaging (Pvt) Ltd and r-pac Printcare are located in Kadawatha, as well as two overseas companies, Printcare India (Pvt) Ltd and Veyron Media Services (Pvt) Ltd located in India.

OUR CULTURE AND VALUES

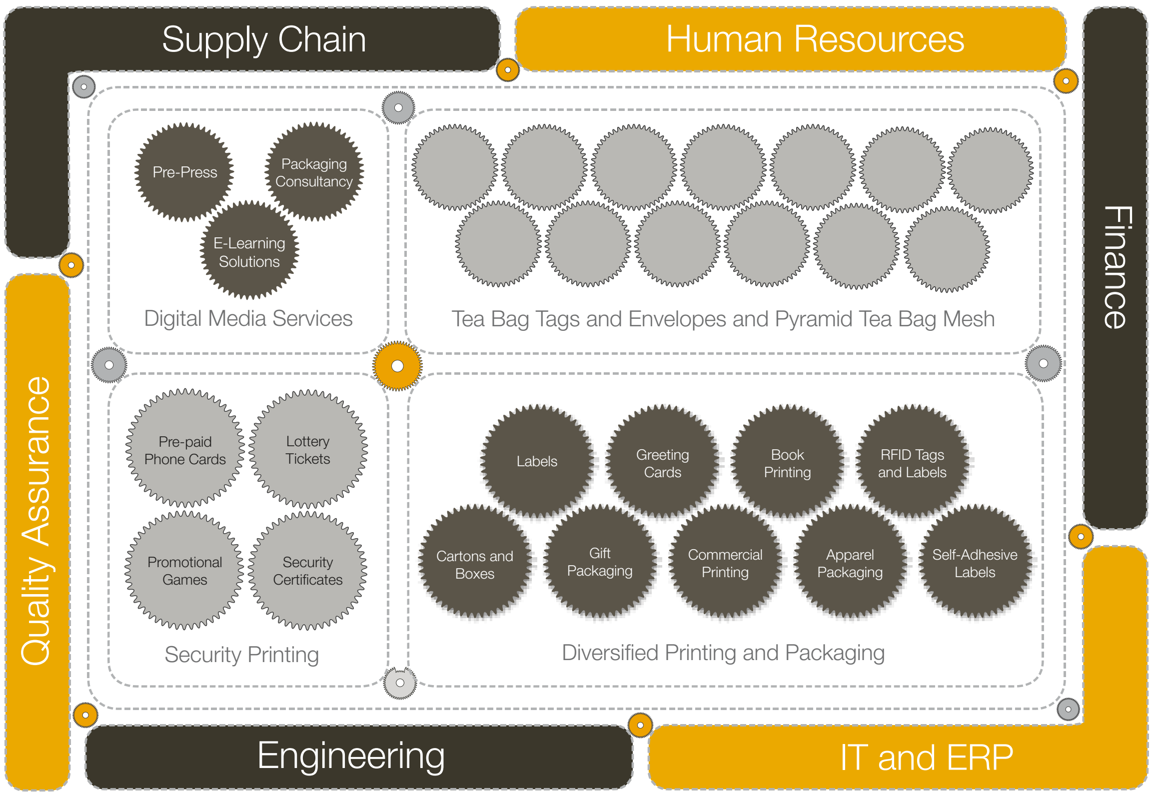
Printcare culture reflects more than just a structure. It is a statement of values. Our commitment towards its values enables us to build honest and trustworthy relationship with our stakeholders. These values have been integrated into our overall business strategy.

WHAT WE DO

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 experience.

When manufacturing our products we use specialized human skill and cutting edge technology in our printing process. We also outsource certain non-core processes in order to cost effectively serve the best quality products to our customers.



OUR PRODUCT RANGE

Diversified Printing and Packaging

Cartons and Boxes

Self-Adhesive Labels

Gift Packaging

Labels

Commercial Printing

Greeting Cards

Apparel Packaging

Book Printing

RFID Tags and Labels

Tea Bag Tags, Envelopes and Pyramid Tea Bag Mesh

Tea Bag Tags and Envelopes

Pyramid Tea Bag Mesh

Security Printing

Pre-paid Phone Cards

Lottery Tickets

Promotional Games

Security Certificates

Digital Media Services

Pre-Press

E-Learning Solutions

Packaging Consultancy

Our Printing & Packaging materials are used in over 50+ countries in a range of industries

We worked with 284+ customers during the year

ORGANIZATIONAL SCALE

In the year under review our total employee population was 716 and net revenue amounted to Rs.4.89 billion.

SIGNIFICANT CHANGES IN THE COMPANY

There were no significant changes reported during the year.

CERTIFICATIONS AND EXTERNALLY DEVELOPED INITIATIVES

ISO 14001:2004 Environmental Management System

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

ISO 9001:2008
Quality Management System

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

FSSC 22000:2013 Food Safety Management System

Printcare PLC
Printcare India (Pvt) Ltd

SEDEX Member (Supplier Ethical Data Exchange)

Printcare PLC
Printcare India (Pvt) Ltd

FSC™ Chain of Custody Certification

FSC™ C115972

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

FSC™ C126877

Printcare India (Pvt) Ltd

BRC/IOP "Grade A"
"Issue 5" – Global Standard for Packaging and Packaging Material

Printcare Universal (Pvt) Ltd

SRI LANKA BUSINESS AND BIODIVERSITY PLATFORM

Printcare is a patron member of the Sri Lankan Business and Biodiversity Platform which was established by the Ceylon Chamber of Commerce, Dilmah Conservation and International Union for Conservation of Nature (IUCN). This platform aims to provide assistance to businesses to ensure environmentally responsible management and sustainable growth, whilst providing benefits to biodiversity and the eco system.

TRAINING PARTNER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS

Printcare is a fully registered company for Certificate and Strategic Level training of the Institute of Chartered Accountants (CA), Sri Lanka. As a training partner, Printcare can now offer practical training for students in the fields of auditing, accounting, taxation, use of information technology, and any other advisory/consultancy services.

PRECAUTIONARY APPROACH

The Group Risk Steering Committee is responsible for the risk management process. The committee is also responsible for reviewing any potential risks relating to social and environmental aspects. Further information of the risk management process is given in the 'Risk Management' section on page 15.

CORPORATE GOVERNANCE

Details of the Group's governance structure, highest governance committees and their responsibilities can be found in the 'Corporate Governance' section on page 10.

MATERIAL ASPECTS AND BOUNDARIES

REPORT PROFILE

This is our seventh Sustainability Report and the content of this report is prepared based on the Global Reporting Initiative's G4 guidelines 'In accordance' with core option. This report aims to provide a transparent overview of our environmental, social, and economic performance as defined by the Global Reporting Initiative. We see the compilation of this report not only as a reporting tool, but also as a way to account for our activities and improve our performance over time.

This report covers the period from 1 April 2016 to 31 March 2017 and maintains an annual reporting frequency. Our previous Sustainability Report appeared in the Printcare Annual Report 2016 which was published on 30 June 2016.

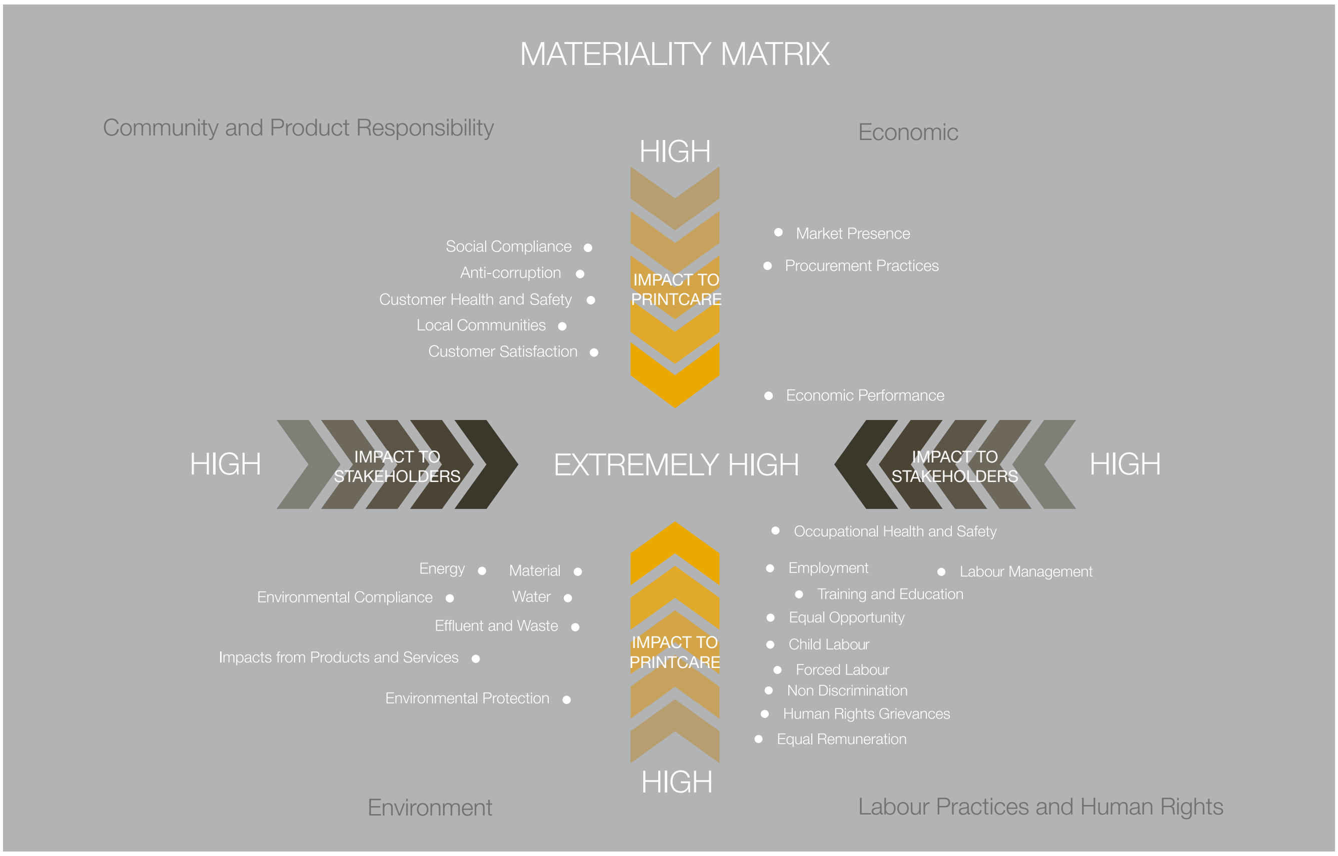
The Group's consolidated financial statements cover all 9 companies mentioned earlier in the 'About Printcare' section. However, except for GRI indicators Net Revenue (G4-9), Direct Economic Value Generated and Distributed (EC-1) and Coverage of the Organization's Defined Benefit Plan Obligations (EC-6) all other GRI indicators reported are limited to Sri Lankan operations i.e Kelaniya and Kadawatha plants excluding r-pac Printcare as it is not a fully owned subsidiary. This enables us to focus on positioning a precise sustainability approach throughout the Group in time to come, and gradually improve our reporting by achieving excellence through continuous improvement.

We have not pursued an external assurance of our sustainability reporting yet, however we are working towards obtaining an assurance in the future.

MATERIAL ASPECTS

The Printcare sustainability report focuses on the sustainability challenges and subjects that matter most to the people who have an interest on our activities. We use a structured process to select the report's content. The material aspects were identified by thoroughly analyzing the most relevant topics which reflect the economic, environmental and social impacts of Printcare as well as the interests of its stakeholders. During this process the material issues that were captured through our stakeholder engagement process and issues that could be potentially material were also taken into account. The material aspects were then identified by mapping them out as given in the 'Materiality Matrix' diagram based on the impact level on Printcare and its stakeholders. As a result 25 material aspects were identified.

This year we report on 31 G4 performance indicators under the material aspects identified. The scope of the report has reduced from 32 indicators reported last year to 31 indicators this year. We have removed the indicator 'EC 4 - Financial Assistance received from Government' as over the years we had no data to report on as our Group does not obtain any financial assistance from the Government hence, it is not material. 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 (G4) Sustainability Reporting Guidelines.



ASPECT BOUNDARIES

The material aspects were defined by prioritizing the impacts based on its importance to stakeholders within and outside the Group across the value chain that extends to external stakeholders wherever applicable. However, if an aspect is identified as material for a particular stakeholder group it is taken in to consideration as it is material to Printcare. The table below indicates the stakeholders corresponding to each material aspect.

	Material Aspects	Internal Stakeholders to whom the Aspect is Material	External Stakeholder to whom the Aspect is Material
1	Economic Performance	Employees	Government, Community, Investors, Customers
2	Market Presence		Community
3	Procurement Practices		Suppliers, Community, Customers
4	Materials		Environment, Investors, Customers
5	Energy		Environment, Investors
6	Water		Environment, Investors, Community
7	Effluent and Waste		Environment, CEA, Community, Investors, Customers
8	Impacts from Products		Customers, Community, Environment
9	Environmental Compliance		Government, Customers, Community
10	Environmental Protection		Environment, Government, Community
11	Employment	Employees	Government, Customers, Community, Investors
12	Labour Management	Employees	Department of Labour, Customers
13	Occupational Health and Safety	Employees	Department of Labour, Customers, Investors
14	Training and Education	Employees	Customers, Investors
15	Equal Opportunity	Employees	Customers, Investors
16	Equal Remuneration	Employees	Department of Labour, Investors
17	Non- Discrimination	Employees	Department of Labour, Customers
18	Child Labour	Employees	Department of Labour, Customers
19	Forced Labour	Employees	Department of Labour, Customers
20	Human Rights Grievances	Employees	Department of Labour, Customers
21	Local Communities		Community, Investors
22	Anti-Corruption	Employees	Government, Community, Customers, Investors
23	Social Compliance	Employees	Customers, Investors
24	Customer Health and Safety		Customers, Investors
25	Customer Satisfaction		Customers

RESTATEMENTS

The ‘Total Energy Consumption’ reported for last year was GJ 27,612 not GJ 28,168 as stated in the 2016 annual report. This was due to a miscalculation during conversion. Therefore, the ‘Energy Intensity Ratio’ for 2016 would also be restated as GJ 5.65.

MANAGEMENT APPROACH TO SUSTAINABILITY

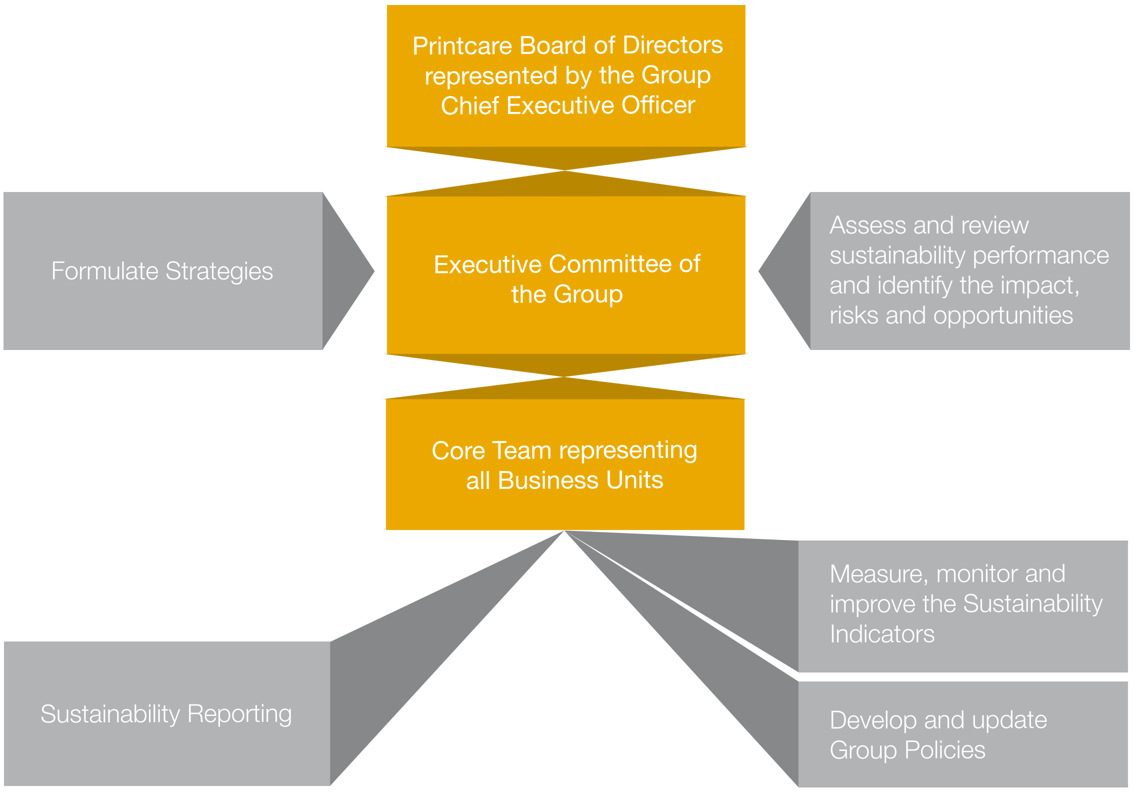
At Printcare, sustainability and economic growth go hand in hand. We strongly believe that being a sustainable company is linked to creating value for society. The most significant aspect is to ensure that the product or service a company offers also benefits the community at large.

Sustainability is made an integral part of the decision making process at Printcare. Our Sustainability Team, which reports to the Executive Committee, includes representatives from the key business units and is involved in tracking and implementing measures to improve the sustainability performance against the indicators chosen.

The scope of the Sustainability Team 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.

OUR SUSTAINABILITY TARGETS

- Integrate the sustainability approach into the corporate culture.
- Identify the key sustainable indicators to track progress.
- Improve performance against the indicators through continuous monitoring and evaluation.



OUR SUSTAINABILITY JOURNEY

What We Did In 2017

Environment

- Sequential planning of jobs in factories and efficient use of machines resulted in a drop in energy consumption.

Workplace

- Incorporated sustainability responsibilities into job descriptions of all employees.
- Conducted an Employee Engagement Survey to measure the progress of the initiatives implemented based on the 2014 employee engagement survey feedback as well as identify any other material issues.
- Conducted supervisory development training programmes for the supervisors and managers.
- Provided training and awareness on key policies to 100% of employees. Currently 92% of employees have been trained.
- Implementing the initiatives planned in addressing the material issues identified by the Employee Engagement Survey 2016/17.

Health and Safety

- Training provided to 100% of employees in all categories on Health and Safety and OSHAS 18001 standard.

- Completed
- Ongoing

SUSTAINABILITY ROAD MAP

What We Plan to do Next

Environment

- Capacity planning by using the optimal usage of new machinery in order to save energy.
- Treated water from the effluent treatment plant to be reused in the factories.

Workplace

- Focus on Career Development, Succession Planning and Technical Training for all employees.
- 100% of core training to be provided to all categories of employees.
- Provide Executive Development Programmes.

Health and Safety

- Upgrade the existing conventional fire alarm system to an advance intelligent fire alarm system.
- Implement a department wise emergency evacuation plans.
- Include an advance method of unsafe acts and unsafe condition reporting system to the existing "Near Misses" recording system.
- Revise the current Employee Health and Safety policy and convey the policy to employees through the safety committees and awareness programmes.
- Design new entry passes for visitors along with the evacuation plan.
- Provide more refresher trainings on Occupational Health and Safety, Fire and First Aid.

OUR STAKEHOLDERS

We consider 'stakeholders' as any individual, groups of individuals, or organizations that affect, and/or could be affected in some way by our activities. In certain cases these stakeholders are the very core of our existence. Every business activity we undertake to achieve our mission and objectives call on us to continuously interact with all 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 PROCESS

Stakeholder engagement is an integral part of our efforts to align our sustainability strategy with our business strategy. As our stakeholders can affect or can be affected by our activities, it is important to include their input into the decision making process of the organization. Therefore, we take a holistic engagement approach which encompasses all stakeholder interests and concerns.

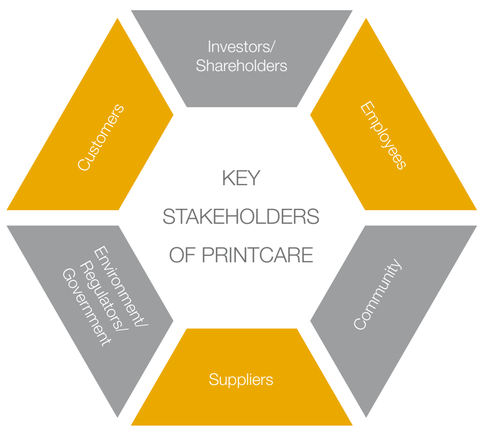
In addition to the regular engagement that occurs with our stakeholders on a day to day basis by our individual businesses, a comprehensive stakeholder engagement is conducted among the key stakeholders of the Group every two years. The following flow chart illustrates the stakeholder engagement process followed at Printcare.

PRINTCARE STAKEHOLDER ENGAGEMENT PROCESS

EMPLOYEE ENGAGEMENT SURVEY

At Printcare, the employee engagement survey is carried out every 2 years. In 2016 an employee engagement survey was conducted for all employees in both locations with the exception of the Executive Committee of the Group and the absentees on that day. A self-filling questionnaire was given to the employees to complete within a specific time.

Employee concerns identified during the survey were inadequacy of training on corporate policies and technical training, dissatisfaction levels identified in the performance appraisal system, communication issues amongst certain supervisors, lack of clarity regarding career development. Plans have been developed and initiatives are currently being implemented to address these material issues.



ENGAGEMENT WITH OUR KEY STAKEHOLDERS

Stakeholder	Importance of engaging with them	How we engage	Key issues	How we respond to these issues
Customers	They are the reason we are in business. Therefore by engaging with our customers we can broaden our understanding of our customer needs and expectations. This will help us identify the areas of business that needs to be improved and will also assist in building customer loyalty.	• Meetings are held weekly, monthly and annually • Customer visits • Structured engagement survey • Printed reports • Corporate website	• Product quality • Price • Service standards • Certifications and compliance with standards • Ethical operations • Sustainable practices • Innovative printing and packaging solutions • On time delivery	• Adhering to various quality standards such as ISO, BRC/IOP etc • Sourcing of more environmentally friendly raw materials • Set up a new product development team for continuous developments and new innovations • Constantly finding solutions to reduce costs • More involvement with the community and environment through sustainable practices
Employees	Employees are the foundation that our business is built on. Engaging with them helps us retain and motivate our employees and it makes Printcare a great place to work at.	• Workers' representative meetings • Structured engagement survey • Open door policy • Semi-annual performance review • The internal newsletter 'Vision' • Intranet • Annual events • Training and development programmes	• Remuneration and benefits • Career progress • Health and safety • Training and development • Organizational ethics • Job security • Awareness on company policies • Review the current medical scheme	• Performance Evaluation Development Plan (PEDP) has been implemented which facilitate transparent evaluation, dialogue and performance based remuneration and rewards • Providing more training programmes and learning initiatives to all employees across the Group
Suppliers	They coexist to fulfill customer needs and they can be used as a resource to develop supplier business efficiencies.	• Regular meetings with suppliers and business partners • Structured engagement survey • Conference calls and emails	• Fair business practices and collaboration on new developments • Regular meetings • Payment terms and conditions	• Products are purchased only from qualified sources • Supplier performance is monitored semi-annually
Investors/ Shareholders	As they provide funds to our business it 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 • Corporate 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 providing new facilities
Environment and Regulators	We affect the environment we operate in therefore engaging with them is important as it will help reduce our environmental footprint by pursuing 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	• Effluent and Waste • Use of materials obtained from sustainable sources • Resource consumption	• Monitoring and managing our waste • Implementing initiatives to reduce the impact on our environment
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 and safety • Economic welfare • Education of children	• Engaging in various projects towards the benefit of the community

OUR SUSTAINABILITY PERFORMANCE

We continue to work to reduce our impact on the environment, to engage with our neighbours in the communities where we operate and to generate jobs and business opportunities for local economies. Our sustainability performance on economic, environmental and social aspects during the year are provided in the following sections.

OUR ECONOMIC IMPACT

ECONOMIC PERFORMANCE

Our Approach

As a leading printing and packaging company in the region we have a direct impact in the local and international economy. We are aware that our responsibility in the area of financial performance and our economic contribution is not only towards the shareholders and employees, but also towards all of our stakeholders. The Group identifies its obligations, responsibilities and risks on the local market, the environment and the community it operates in. Based on these it conducts constructive and focused investments, community development activities, and environmental protection spending, to maximize the positive impact on our stakeholders.

ECONOMIC VALUE STATEMENT

The Economic Value Statement illustrates the creation of value for our stakeholders and the distribution of it amongst them. It outlines the financial contributions made in the form of dividends to shareholders, salaries and wages to employees, taxes paid to government and social investments in our community.

More detailed information relating to operating costs, employee salaries and benefits accruing to shareholders are given in our financial statements. This statement highlights the payments to the government and community investment.

	2017		201 6	
Direct Economic Value Generated	Rs'000	%	Rs'000	%
Revenue	4,889,545	99%	5,165,086	99%
Other Income	36,974	1%	33,172	1%
Share of Associate Results	7,096	0%	(2,135)	0%
Total	4,933,615	100%	5,196,123	100%
Economic Value Distribution				
Operating cost	3,454,160	70%	3,658,921	71%
Employee Wages and Benefits	838,707	17%	837,211	16%
Payment to Providers of Funds	225,178	5%	164,674	3%
Payments to Government	67,953	1%	76,885	1%
Community Investment	1,516	0%	1,843	0%
Total	4,587,514	93%	4,739,534	91%
Economic Value Retained				
Depreciation and Amortization	262,494	5%	216,186	4%
Retained Profit	83,606	2%	240,403	5%
Retained for Reinvestment/Growth	346,101	7%	456,589	9%

DEFINED BENEFIT PLAN OBLIGATIONS

Printcare provides a retirement plan for its workforce by using general resources to pay the obligations to retired employees. Employees with more than 5 years of service are entitled to half of the last months' salary for every year of service on termination 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 the fund. Further, the Group also contributes 3 per cent to the Employees' Trust Fund.

	2017 Rs.'000	2016 Rs.'000
Employer Contribution to the Trust Fund	13,455,538	12,284,198
Employer Contribution to the Provident Fund	53,822,136	49,136,790

MARKET PRESENCE

Our Approach

The Group's existence benefits the economic well-being of the community and its employees. Our business activities provide opportunities to local economies through employment, skills development, community investments and training. We focus on identifying the potential impacts from our operations by actively building strong community relations to strive to achieve development of the economy and strengthen our social license to operate.

CREATING OPPORTUNITIES IN THE LOCAL COMMUNITY

We hire a large number of employees from the local community into our Senior Management Team as it increases the Company's ability to understand local needs while bringing economic benefits to the community.

Our Senior Management team comprises of the Executive Board Members, General Managers, Assistant General Managers and Senior Managers. Out of the 22 members in the Senior Management Team 95% are from the Western Province, which is the local community the Group operates in.

PROCUREMENT PRACTICES

Our Approach

As a responsible printing and packaging company, Printcare contributes to the development of our society and enhancement of the quality of life of people throughout the world by providing top quality printing and packaging solutions. At Printcare, procurement involves purchasing of direct materials for printing and packaging as well as indirectly related materials, services, and maintenance facilities. Our procurement practices are based on the following elements.

- Quality - Highest quality materials should be procured at all times.
- Price - The required quality materials should be procured at the lowest possible cost.
- Availability in the local market – "Local" here refers to Sri Lanka. To support the local economy, preference will always be given to local vendors as long as the required quality and quantity of materials are available.
- Environmental friendliness - As an environmentally responsible organization we look for materials that have minimal negative impact on the environment.
- Service - Suppliers will be evaluated on the reliability and consistency of their service.
- Building long term partners - Long term partnerships are built with suppliers by sharing knowledge and making new developments together which will benefit both parties.

The significance and insignificance level of the suppliers are decided based on the direct and indirect impact each supplier has towards Printcare. All our key business functions are integrated and controlled by our ERP system.

A Procurement Committee has been established compromising of key senior personnel from procurement, finance, engineering and the heads of subsidiaries, and will be responsible for collectively overlooking key purchases for the Group.

We also conduct a supplier engagement survey every three to four years which evaluates the procurement practices and addresses any issues related to it.

SUPPLY CHAIN

The building of strong relationships with our suppliers is essential in delivering products and services to our customers on time and running our operations. At Printcare, suppliers are viewed as strategic partners therefore strives to continuously improve its relationship with suppliers based on trust built through open, transparent and fair business practices. We establish sustainable relations with them in order to build partnerships that assure mutual success and creates added value for our customers.

When selecting our suppliers we conduct a screening process based on their level of commitment, price, quality, lead time, service levels, reliability, compliance, environmental safety, corporate responsibility as well as their expertise in areas such as innovation, safety etc. However, in certain cases where a particular material is available with only one supplier, the company will not assess the supplier based on all these criteria.

Printcare's supply chain network interacts with a variety of suppliers such as brokers, wholesalers, retailers, licensees as well as third party representatives such as consultants and service contractors. In 2017, the Group spent Rs. 2.8 billion on goods and services around the world.

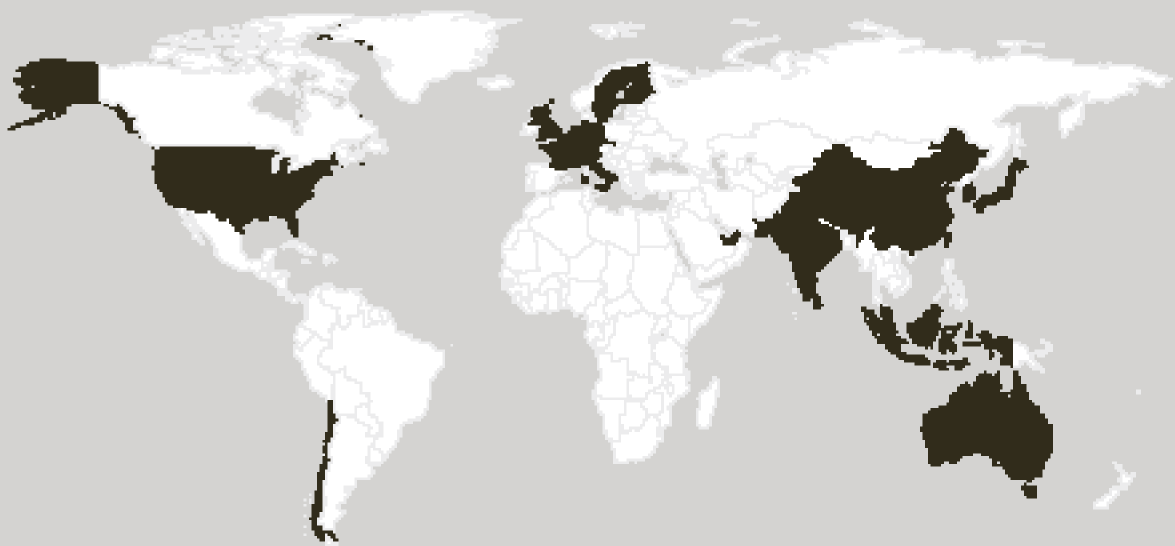
SUPPLIER DIVERSITY

Where it makes overall business sense, we buy goods and services from local suppliers and help support local businesses and skill development. During the year, Printcare spent 15% of its purchases on locally-based suppliers and 85% on foreign purchases. Local Purchasing is same as last year. As a policy we continue to procure locally however, due to the nature of our business we source materials according to our customers' requirements; which sometimes limits us from procuring locally.

KEY FACTORS THAT AFFECT LOCAL PURCHASING

- Customer requirements - Certain materials requested by the customers may not be available in the local market leaving the company no choice but to import them.
- Price - For large orders it's much more cost effective to import the materials in bulk rather than buy locally. In many cases the volumes required are also not available locally ex-stock.
- Quality - In certain cases even though certain materials are available in the local market it may be of 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 materials will not be compromised as we provide our customers with the highest quality products.

Engaged with 673 local and global suppliers



OUR ENVIRONMENTAL IMPACT

ENVIRONMENTAL COMMITMENT

Our Approach

Printcare's mission of being a business that truly cares for all its stakeholders, commits us to continually improve our environmental performance by integrating and promoting environmental practices throughout our business processes. We continuously strive to reduce our environmental impacts and use our resources in an efficient and sustainable manner.

Our environmental policy is based on the following principles:

- Environmental Management - Efficient use of resources, manage risks to the environment and reduce potential environmental impacts of our operations to reduce the environmental footprint.
- Environmental Integration - Take measures to make the business green by considering the environmental concerns in the decisions and activities of our business.
- Environmental Compliance - Comply with all environmental legislation and regulatory requirements

The environmental commitment of Printcare is manifested in the tranquil view of the cascading waterfall, ponds and lawns in our factories. In order to minimize the ecological impacts of our operations, the environmental dimensions and impacts are considered during all stages of our business activities.

Our environmental commitment is signified through the environmental management system implemented by us in compliance with ISO 14001 through which the effectiveness of all environmental aspects are monitored and managed. The Group is also certified as a FSC™ (Forest Stewardship Council) and PEFC™ (The Programme for the Endorsement of Forest Certification) Chain of Custody certification (COC) company that ensures certified material from sustainable forests are not mixed with non-certified material at any point in the supply chain to the end consumer.

GREEN TEAM

The Green Team which was formed to drive ISO 14001 Environmental Management System, consists of representatives from different departments. There are four key steps that are promoted by the Green Team across the Group 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 our environmental footprint.
- Ensure the integrity of the implemented initiatives we operate.
- Obtain feedback and data on the success of the initiative when concluded.

MATERIAL MANAGEMENT

Our Approach

At Printcare, we source a vast array of materials from diverse number of suppliers. All these materials have an impact on the environment and the profitability of the business. Therefore our primary focus is to continuously reduce cost and the environmental impact by managing materials efficiently.

Our material management approach includes the following practices.

- Planning of material requirements – Material needs are planned and forecast effectively.
- Acquisition - Ensure that materials purchased conform to appropriate quality assurance and environmental standards.
- Operation, use and maintenance - Allocate materials according to specific requirements and maintain records of material usage to minimize waste.
- Disposal - Surplus material is reallocated for a different purpose or disposed of in a responsible manner.

Our material consumption is managed and analyzed through our integrated ERP system.

CONSUMPTION OF MATERIALS

The Group consumes a wide range of materials in producing printing and packaging products. The table below outlines the key categories of materials used across the reporting companies that directly affect the cost of the products. Tracking these materials consumed facilitates us to monitor material efficiencies and cost of material flows.

Raw Materials	2017	2016
Paper and Board	11,790 MT	12,794 MT
Varnish	138 MT	158 MT
Ink	131 MT	151 MT
Plates	32,233 Nos	31,786 Nos
Die-Cutters	6,433 Kgs	5,369 Kgs
Corrugated Boxes / Fluted Boxes	414,930 Kgs	185,155 Kgs
Foils	4,522,825 Meters	2,774,457 Meters
Oil	2,193 Liters	2,121 Liters

Estimations Used for Calculation

- The actual weight of die-cutters and corrugated boxes cannot be obtained as they are recorded in numbers, therefore and estimated weight is derived by calculating the average weight.
- It is not possible to report the total weight of plates consumed as calculating an average weight is not possible due to the different sized plates used at different factories. Therefore, plates are recorded in numbers.

RECYCLED MATERIALS CONSUMED

We use various types of recycled materials in our products to reduce the environmental impact and to achieve better environmental performance. However, as our packaging products are produced according to our customer requirements, selection of recycling or virgin pulp board is entirely at our customers' discretion. Out of the total material consumed during the year 29% of the materials were recycled materials.

HOW WE HELP CONSUMERS MAKE RESPONSIBLE CHOICES

- We continue to offer and promote environmental friendly materials such as recycled and FSC™ certified paper/ board, environmental friendly inks that are mineral oil free and made of renewable resources and non-fossil carbon content.
- Obtaining the FSC™ and PEFC™ Chain of Custody certification helps us supply material from responsible forests.

ENERGY MANAGEMENT

Our Approach

Printcare seeks to improve its energy performance by consuming energy in the most efficient, cost effective and environmentally responsible manner possible, thus minimizing the energy related environmental impacts.

Through improving energy performance Printcare aims to;

- Reduce carbon emissions.
- Substitute non renewable energy sources with renewable energy sources.
- Reduce cost by managing the energy consumption of its operations actively and responsibly.

The following energy management practices are practiced in order to achieve the above objectives.

- Implementing energy efficiency measures to reduce operating cost and carbon emissions associated with energy consumption.
- Calculate the energy usage, conduct periodic energy reviews and implement measures to reduce energy consumption over the years.

NON - RENEWABLE ENERGY CONSUMPTION

	2017	2016
	Giga Joules (GJ)	Giga Joules (GJ)
CEB Units (GJ)	6,289	5,876
LECO Units (GJ)	19,492	20,872
Diesel (GJ)	926	864
Total Energy Consumption	26, 706	27,612

Electricity for Printcare is supplied by the Colombo Electricity Board (CEB) and Lanka Electricity Company (Pvt) Limited (LECO). Diesel consumption reported depicts the amount used for the generator. Total energy consumption has reduced by 3% during the year. Sequential planning of jobs resulted in efficient use of the machines which contributed towards this reduction.

ENERGY INTENSITY

	2017	2016
Energy Intensity Ratio (GJ)	5.83	5.65

We continue to work on improving the energy efficiency of our existing operations. The energy intensity ratio has been calculated based on the turnover of the Sri Lankan operations of Printcare. All non-renewable energy types reported above have been considered when calculating this ratio. Revenue and energy consumption reduced during the year. However, the energy intensity ratio increased as the decline in revenue was proportionately greater than the decrease in energy consumption.

WATER MANAGEMENT

Our Approach

Water is a crucial and increasingly scarce natural resource. Water scarcity is a growing challenge in many regions and the availability of fresh water is a global issue.

Therefore, our key objective is to reduce our water footprint by conserving and optimizing the use of water obtained from surface and ground wherever possible. In order to achieve this, the Group practices the following water management practices:

- Reduce need for water in all operations.
- Re-use waste water after treatment for operations or domestic use.
- Monitor water consumption periodically and implement projects to manage water usage efficiently.

WATER WITHDRAWN BY SOURCE

	2017	2016
Municipal Water Supplies (m^3)	30,086	33,340
Ground Water (m^3)	5,133	3,320
Total Water Withdrawal (m^3)	35,219	36,660

Primary source of water for Printcare is from the National Water Supply, Drainage Board and ground water. The ground water consumption depicts an increase of 55% in 2017. This is because the ground water in 2017 illustrates the water consumption of both Kelaniya and Kadawatha plants. As stated in the 2016 report ground water for Kadawatha plant was measured only from January 2016. Hence, the ground water usage is now fully reported and represents the consumption for all Sri Lankan operations.

EFFLUENTS AND WASTE MANAGEMENT

Our Approach

Printcare is committed to minimizing waste generation as it has a direct impact on profitability, the environment and the surrounding community. We control waste generation from our operations by implementing comprehensive waste management processes throughout all business units which includes controlling, monitoring, regulation of production, collection, treatment and disposal of waste in a responsible manner.

WASTE

Minimizing waste has been a long standing practice across the Group and our priority in this area has been to minimize waste in the production processes in order to increase efficiency and profitability. The hazardous and non-hazardous waste generated by the Group is shown in the tables below. The hazardous waste includes waste items such as contaminated cotton waste, foil paper, FTL/CFL bulbs and liquid waste material.

We are unable to present all waste generated by weight as certain waste items are recorded in numbers. Therefore, the total waste is given in metric tons and numbers.

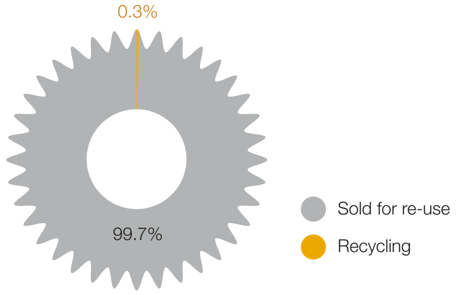
	2017	2016
Hazardous Waste (MT)	101	135
Hazardous Waste (Nos)	812	993

	2017	2016
Non-Hazardous Waste (MT)	3,209	3,500
Non-Hazardous Waste (Nos)	272,717	41,336

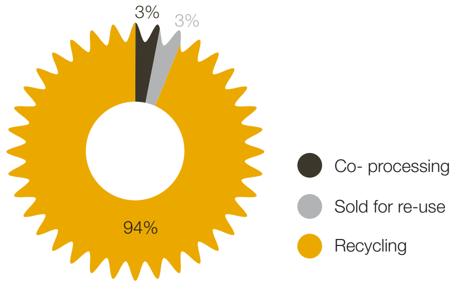
Apart from from Non-Hazardous waste (Nos) all other waste types have reduced in comparison to last year. Main reason for the increase in Non-Hazardous waste (Nos) was due to the discarding of raw materials which were written off from a project that was closed a few years ago. This is a one time increase.

WASTE DISPOSAL METHODS

Hazardous and Non-Hazardous Waste by Numbers



Hazardous and Non-Hazardous Waste by Weight



TREATMENT FOR HAZARDOUS WASTE

- The contaminated cotton waste that is used to clean the machines and mop up inks, chemicals used for plate processing, and foil paper used by the factories cannot be discarded without proper treatment. Therefore, these are collected separately and sent for co-processing for complete destruction.
- FTL and CFL bulbs are disposed through a CEA approved recycler in an environmentally friendly manner.
- All E-Waste collected is given to a CEA approved E-waste solutions provider.
- We are cautious not to release any chemicals and substances that would harm the environment. Therefore, the waste water generated from the factories are treated through our filter press treatment plant before being re-used.

TREATMENT FOR NON-HAZARDOUS WASTE

- Leftover food at the staff and worker lunch rooms are segregated and collected daily to be given to farms in the area for use as input material.
- Other non-hazardous waste are either sold for reuse or sent to a CEA approved recycler.
- A paper conservation project is carried out where all waste paper from offices are collected separately and sent to a recycler.

SIGNIFICANT SPILLS

There were no significant chemical leakage or spillage incurred during the year.

IMPACTS FROM PRODUCTS AND SERVICES

Our Approach

As a leading printing and packaging company in the region we have a responsibility towards the environment and to establish a benchmark with respect to environmental responsibility. The environmental impacts of the Group from production phase to final product delivery are monitored and analyzed by our Quality Assurance Team.

INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

We identify the environmental impacts of our products, activities and procedures through the assessments done by our Sustainability Committee and the findings of external and internal audits. We continuously implement measures to minimize these impacts during the production process. We have developed various procedures and directives to reduce these environmental effects.

We have added products made out of environmentally friendly materials such as recycled paper, FSC™ certified paper and non-hazardous inks to our product range. In the mean time we also ensure that all waste generated by us are disposed in an ethical and environmentally friendly manner. By obtaining the FSC™ /PEFC™ Chain of Custody certification we can track certified material from the forest to the final product. While this helps our customers make responsible choices, it also ensures that best practices are maintained in forests. We encourage our customers to use these environmentally friendly materials in their products.

TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENT BY TYPE

Environmental Protection Expenditure	2017 (Rs)	2016 (Rs)
Treatment and Disposal of Waste	2,482,083	2,481,474
External Certification of Management Systems	458,573	552,940
Upgrading of Waste Water Treatment Plants	-	700,000
Total	2,940,656	3,734,414

Out of the total environmental protection expenditure 84% of the cost was spent for treatment of hazardous waste. Treatment and disposal of waste expenditure includes cotton waste, Effluent Treatment Plant sludge, FTL and CFL bulb recycling and certain chemical waste disposal cost paid to a CEA (Central Environmental Authority) approved waste handler. The external certification cost of Rs. 458,573 includes ISO 14001 and FSC™/ PEFC™ certification maintenance costs.

ENVIRONMENTAL COMPLIANCE

Our Approach

Complying with environmental regulations and laws are critical for us as it affects our reputation directly and helps reduce financial risks. Therefore, the level of compliance is monitored directly by our management as well as the Central Environmental Authority through their periodic factory visits. These are also verified by ISO 14001 external audits conducted annually.

LEGAL COMPLIANCE WITH ENVIRONMENTAL LAWS

All companies within the Group complies with the environmental laws and health and safety regulations of the products therefore no fines were paid nor were any impacts on reputation encountered by any of our companies during the year.

OUR WORKPLACE

Our people are at the core of our ability to continuously deliver innovative solutions to our customers and help Printcare achieve a competitive edge in the market. To deliver our aims, we strive to maintain an open, inclusive and stimulating work environment for our employees where everyone lives the same values. We believe that by focusing our efforts on priorities such as employee development, health and safety, and organizational ethics enables us to create and maintain a workplace that attracts, motivates and retains the best people.

EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

Our Approach

As an equal opportunity employer, Printcare ensures that all employees and job applicants are treated with equal respect regardless of their sex, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, religion, disability, marital or civil partnership status, gender reassignment, pregnancy and maternity caring, parental responsibilities and their beliefs on matters such as religion and politics.

This is practiced during recruitment and selection, terms and conditions of employment including pay and benefits, communications, training, promotion, transfer and every other aspect of employment. Printcare is committed to provide a working, learning and social environment in which the rights and dignity of all its members are respected, and which is free from discrimination, prejudice, intimidation and all forms of harassment including bullying.

These principles are applied in accordance with the legislation in force in each of the countries and territories in which we operate. Any act of discrimination by employees or any failure to comply with these terms will result in disciplinary action.

DIVERSITY OF OUR WORKFORCE

Printcare believes that diversity is one of the core drivers for business growth. Therefore, cultivating a diverse workforce can help increase talent engagement, foster innovation, enhance customer service, and ultimately drive better financial performance.

Printcare Governance Bodies include Executive Board Members and the Senior Management Team; i.e. General Managers, Assistant General Managers and Senior Managers.

WORKFORCE BY EMPLOYEE CATEGORY

Employee Category	Total
Executive Board Directors	1
General Managers	9
Assistant General Managers	2
Managers	32
Assistant Managers	44
Executives	124
Non - Executives	504
Total Workforce	716

Only the Executive Director is included under the total employee population in the following charts.

EMPLOYEE POPULATION

Total Workforce in Sri Lankan Operations
716

Outsourced Employees
49

No Part-Time Employees

All our Sri Lankan operating companies are located in the Western Province

TOTAL WORKFORCE BY CONTRACT

83%
Permenant

17%
Fixed Term Contract

WORKFORCE BY GENDER

Total Employees by Gender

76% Male
24% Female

Permanent Employees by Gender

77% Male
23% Female

Contract Employees by Gender

73% Male
27% Female

GOVERNANCE BODY BY GENDER

Board of Directors

Male 86%
Female 14%

Senior Management Team

Male 95%
Female 5%

GOVERNANCE BODY BY AGE

Board of Directors

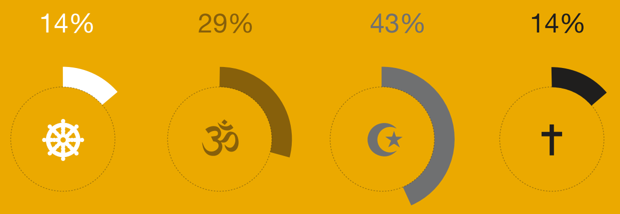
<30: 0%
30-49: 0%
>50: 100%

Senior Management Team

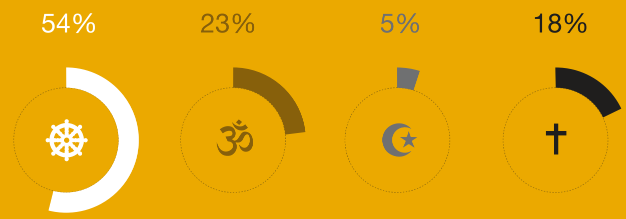
<30: 0%
30-49: 55%
>50: 45%

GOVERNANCE BODY BY RELIGION

Board of Directors

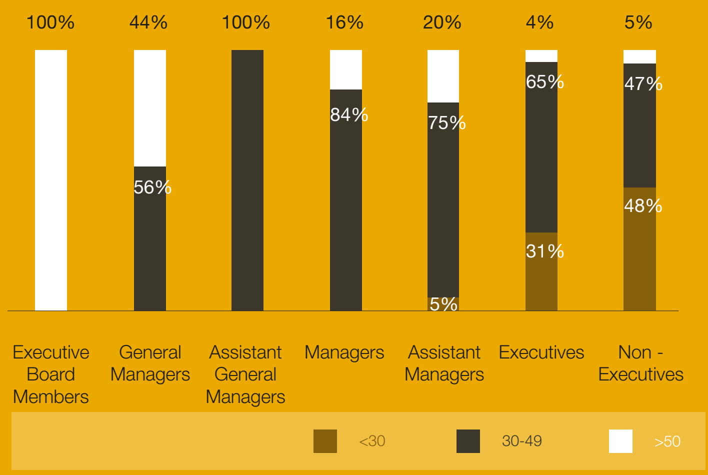


Senior Management Team

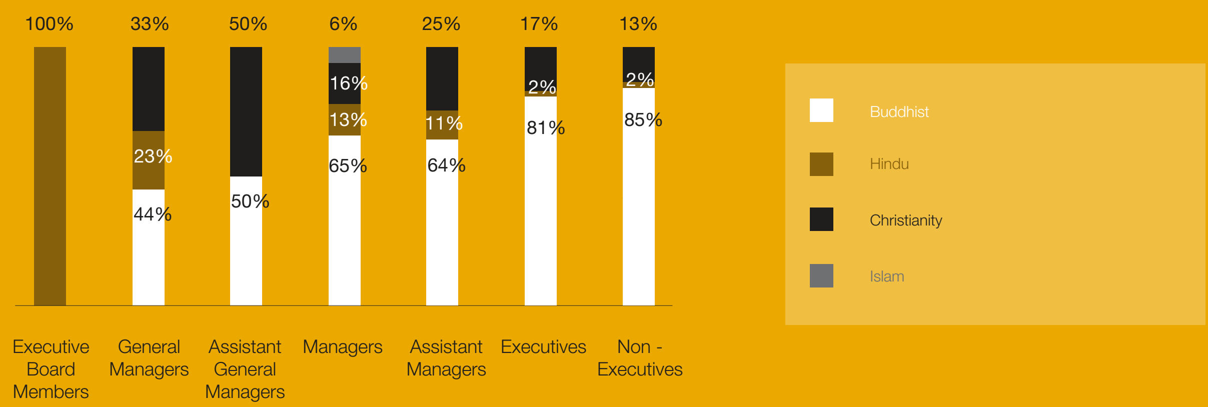


EMPLOYEE CATEGORY BY GENDER

EMPLOYEE CATEGORY BY AGE



EMPLOYEE CATEGORY BY RELIGION



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 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 individuals 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	0.51
Executives	1	0.81
Non- Executives	1	0.63

EMPLOYMENT

Our Approach

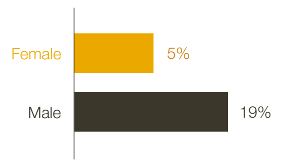
Our diverse workforce is the heartbeat of Printcare. The success of our business depends on every employee in our company. We recognize that by looking after our employees, our business operates more successfully. Therefore, we strive to take good care of our people and create a safe, ethical and rewarding work environment. We value the relationship we have with all of our employees.

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

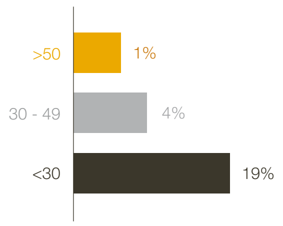
NEW RECRUITMENTS

178 employees were recruited during the year with a new hire rate of 24%.

New Hires by Gender



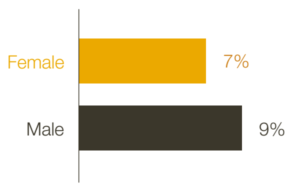
New Hires by Age



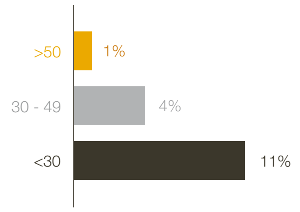
EMPLOYEE TURNOVER

Printcare continuously monitors its employee turnover and seeks to address its turnover through proactive initiatives such as Employee Engagement Survey, one to one interactions by the Manager or Supervisors, providing various opportunities for training and development, welfare facilities and benefits. An employee turnover rate of 16% was recorded across the Group which is 6% more than the previous year. Labour turnover increased as a result of automation and encouraging voluntary resignations in focus areas where automation was introduced. The turnover rate has been calculated amongst the employees who are confirmed during the period.

Turnover by Gender



Turnover by Age



RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE

Our policies are in accordance with the Maternity Benefits Ordinance. All 171 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, out of 171 female employees 5 females took maternity leave and all 5 employees have returned after maternity leave ended. Hence, we have a Return to Work rate of 100%.

Out of the 7 employees who took maternity leave in 2016, 3 employees are still employed with us 12 months after their maternity leave ended with a retention rate of 43%. To encourage female employees to remain at work we provide them with feeding time and extended no pay leave upon request.

LABOUR MANAGEMENT RELATIONS

Our Approach

Our aim is always to ensure that our workforce is happy with their work, working environment, facilities and benefits provided to them. A smooth operation depends on the co-operation, team work, effective communication, leadership qualities of all employees of the Group.

In order to create a harmonious work environment various initiatives have been implemented by the Management. Worker Representative Meetings held once in two months creates a platform for workers to provide their issues and suggestions to the Management. Monthly Staff Meetings and Employee Engagement survey held every two years also allow the employees to share their issues and enables the company to continually update its management approach with regard to employee and workplace practices.

The Open Door Policy is another step taken for employees to provide feedback to any Senior Manager of the Management team including the Managing Director. This policy provides all employees with an alternate mechanism for dialogue.

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

Any significant change in the organization that affects our employees positively or negatively are communicated to the employees with adequate notice period depending on the significance of the change.

These are communicated by the Managing Director at his quarterly address to employees, at the worker representative meetings, or by the immediate supervisors directly to the workforce.

TRAINING AND EDUCATION

Our Approach

To realize its vision of achieving excellence, the Company ensures that employees are given adequate training to perform their jobs effectively and efficiently. Therefore, we invest in our people and try to offer them a stimulating working environment.

We want our people to be the most knowledgeable, skilled and trusted partners in the industry, and to focus on education as well as a safe and pleasant working environment.

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.

Trainings are conducted in four categories:

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

EMPLOYEE TRAINING HOURS

Employee Category	2017			2016
	Number of Employees	Total Hours of Training	Average Training Hours per Employee	Average Training Hours per Employee
Executive Board Director	1	24	24	-
General Managers	9	290	32	13
Assistant General Managers	2	66	33	26
Managers	32	752	24	35
Assistant Managers	44	1,151	26	38
Executives	124	2,544	21	28
Non-Executives	504	10,317	20	19
TOTAL	716	15,144	21	22

Gender	2017			2016
	Number of Employees	Total Hours of Training	Average Training Hours per Employee	Average Training Hours per Employee
Male	545	10,816	20	24
Female	171	4,328	25	17

HOW WE IDENTIFY TRAINING NEEDS

- The skills and knowledge needed to be improved among the factory workers are identified through a 'Gap Analysis' which is done by the managers and supervisors every six months.
- At the staff level it is identified through the 'Performance Appraisal' carried out every six months.
- All employees are also able to request for specific training needs they require during the performance appraisal held twice a year.

Depending on the requirements recognized from these mechanisms individuals are given an opportunity to attend training programmes. Apart from this, various other training sessions are organized to enhance our employee competence.

PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

It is important that employees in an organization are guided properly to manage their careers. Therefore, our employees' expectations and targets should be managed and their goals should be set in line with the organizations'. Printcare has a well-developed performance appraisal process where 100% of the workforce from the worker category to the top management 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.

PERFORMANCE EVALUATION AND DEVELOPMENT PLAN (PEDP)

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 make to the Company.

This year the Group transformed the PEDP evaluations into an online platform where the KPIs (Key Performance Indicators) are set and evaluated online. With the introduction of this online method KPIs are also given a weightage depending on the level of importance and the impact of them on work objectives which makes the PEDP process more meaningful and unbiased. The online platform has made the PEDP process more efficient as it allows the appraisees and appraisers to access the data from anywhere therefore improves timely completion of the appraisals. This also enables to track and compare the results easily through the system and it gives more security for the data as only authorized personnel can access to the system.

We believe that it is vital that employees are reinforced and rewarded on the most important outcomes they create for the business. PEDP Awards night is one of the tools developed by Printcare in order to recognize and honour the achievements of the Senior Management.

The 6th PEDP Awards Night was held this year where they were judged on the following categories, Printcare Values, Managerial Competencies, Exceptional Contributions, Initiatives, Performance on KPIs and Overall Performance.

TECHNIQUES USED TO ENHANCE EMPLOYEE MOTIVATION

Attendance Bonus Scheme

In recognition of the loyalty and commitment of our employees the senior management holds a special tea party with the presence of the Managing Director for selected employees. This year 119 employees were recognized through this scheme. The figures over the years show that the scheme has proven 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 bonus
2009	31
2010	47
2011	52
2012	51
2013	51
2014	73
2015	140
2016	113
2017	119

Corporate events

Company social events such as Printcare cricket 6's, the annual trip and various community projects are organized by employees from different departments. These events give an opportunity for all employees to engage with people from different hierarchies which creates employee motivation.

Annual Scholarship Programme

Printcare follows an 'Employee First Strategy' as they continuously implement various initiatives to ensure that the employees' basic emotional needs are satisfied within an outside the organization. Printcare Annual Scholarship Programme for children of the employees is one of the initiatives conducted every year as a result of this strategy. This year 31 kids were presented with scholarships that covered one year's cost of student accessories such as school uniforms, shoes, stationary, books, tuition fees etc.

Printcare Toastmasters

Affiliated to Toastmasters International, the Printcare Toastmasters 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 41 since its inception eight years ago proves the enthusiasm shown by the Managers and Executives.

Employee Welfare

The "Welfare Society of Printcare PLC" has been set up with the objective of assisting our employees in various issues arising at work and arranging welfare activities.

The society provides benefits such as,

- Distress Loan Schemes
- Death Donation Schemes
- Scholarships for children of employees
- Easy Payment Schemes

WELFARE SHOP

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

EMPLOYEE HEALTH AND SAFETY

Our Approach

A healthy workforce is a necessary foundation for economic growth and critical in achieving our business objectives wherever we operate. Printcare is committed to providing a safe and healthy workplace to its employees, contractors, visitors and anyone else who may be affected by its operations. In order to achieve this objective, the Company makes every endeavor to eliminate conditions and incidents that could result in personal injury or ill health.

Printcare is a responsible organization and provides all employees with coaching, guidance and training in the identification, assessment and control of hazards in the workplace. It is the responsibility of all employees to adhere to these safe working practices to avoid injuries to themselves, others and damage to plant and equipment and buildings.

Printcare commits to provide its employees and contractors with appropriate personnel protective clothing and equipment and they are required to wear these whilst on duty.

All our factories are inspected in relation to safety of our employees by the Chief Factory Inspector from the Department of Labour every six months, and we ensure that we keep our approach to safety continually updated.

TYPES AND RATES OF INJURIES

The Group monitors, records, and reports on the occupational injuries, diseases, lost days and absentee rates. The Group's health and safety incidents are monitored through its management processes which include Accident Reports and Balanced Score Card.

Injury Type	2017			2016		
	Male	Female	Total	Male	Female	Total
Occupational Injuries	10	15	25	13	5	18
Lost Man Days	4	5	9	19	-	19
Absentee Days	30	-	30	53	14	67

The number of occupational injuries have increased from 18 to 25 injuries in 2017. However, number of lost days continue to decline since 2015 reporting a 47% reduction compared to last year.

The absentee days portrays the number of unauthorized leave taken throughout the year. This has also reduced by 55% this year. There were no occupational diseases or work related fatalities during the year.

The Health and Safety Committee appointed by the MD consists of SBU General Managers, Health and Safety Manager, QA Manager, Factory Manager, Factory HR Manager, representatives of Engineering Division and production related employees. The Committee monitors and identifies hazards, assesses risks, implements appropriate safety controls in place and provides advice on accident prevention. We continue our record of zero fatal injuries since inception.

We review all the injuries incurred in a systematic manner and create awareness among the employees regarding accident prevention and creating a safe working environment. Accident prevention method called "Near Misses Register" is maintained in every factory and all near misses that could lead to an accident are identified, recorded and actions are taken to eliminate such occurrences.

The training on occupational health and safety is now conducted by the District Factory Inspecting Engineer of Gampaha District. All new recruits are trained on health and safety, awareness on fire hazards and first aid at the orientation sessions conducted monthly.

First Aid Team is formed to assist the employees to provide first aid assistance during an accident or emergency and the team is given first aid training by the Red Cross Society once in six months. We have established a fire team to safeguard the employees and the Company from any fire hazards. Once in three months the fire team holds review meetings and evacuation drills with the assistance of the Fire Brigade Officers.

The Group fire warden also conducts fire training at the induction programme every month for all new recruits as well as the existing employees.

This year the Fire Team members received a comprehensive 3 days training at the Fire Services Training Centre, Colombo where they were provided with live fire exercises at mockup facilities as an integral part of the training.

To ensure that we have a healthy workforce we have also organized an inhouse doctor that visits Printcare once a week and provides free consultation for the employees.

The Group has also embarked on their journey of implementing OSHAS (Occupational Health and Safety Assessment Series) rules into their factories. Various training programmes, risk analyzing sessions, team forming activities etc have been lined up in order to obtain this certification by next year.

	2017	2016
Injury Rate		
Number of Occupational Injuries	25	18
Total Man Hours Worked in the Period	1,286,073	1,282,581
Injury Rate	0.002%	0.001%
Lost Day Rate		
Number of Lost Days	9	19
Total Scheduled Man Days Worked in the Period	151,643	147,229
Lost Day Rate	0.01%	0.01%
Absentee Rate		
Number of Absentee Days	30	67
Total Scheduled Man Days Worked in the Period	151,643	147,229
Absentee Rate	0.02%	0.05%

TAKING STEPS FOR A HEALTHY WORKFORCE

With the objective of promoting good health among employees and creating a healthy workforce within Printcare a Medical camp is held biannually. This camp is conducted by a special panel of Medical Doctors attached to one of the leading hospitals in Colombo. The programme is undertaken in three stages at the Kelaniya and Kadawatha factories; day to day health care Awareness Session, Medical Examinations and Consultation based on the reports.

OUR BUSINESS ETHICS

CODES OF CONDUCT AND CODES OF ETHICS

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 labour, forced labour, 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.

All Printcare policies, value statements, standards and norms are included in the employee handbook. The handbook is handed over to all new employees at the time of recruitment and they are briefed on the policies, values and standards during the orientation programme held every month. These policies are also available on the Printcare intranet and can be viewed by any employee. Any revision to the policies will be uploaded to the intranet and also informed through the policy training programmes conducted for the employees. The values statement of the company can also be found on page 21 of this annual report.

CHILD LABOUR, FORCED OR COMPULSORY LABOUR

Our Approach

Printcare is committed to comply with all relevant and applicable local and international labour regulations, treaties and conventions to protect the health and safety of children. Forced labour or compulsory labour is not our practice. We maintain employee self-esteem honestly and ethically.

Therefore we do not employ any person below the age of 18 years and we work in collaboration with subcontractors to prevent and remove any instances of child labour in a manner that is consistent with the best interest of the child and ensure they too avoid any illegal practices such as forced or compulsory labour.

All our business operations comply with the ILO Declaration. Our employee rights principles include no forced or child labour and we comply with these principles. We do not withhold any original birth certificates or any personal documents during recruitment. We have also made aware of our child and forced labour policies to our contractors who are bound to comply with these.

Employees who work beyond normal working hours are given transport facilities and workers are provided with overtime or variable pay as appropriate.

NON-DISCRIMINATION

Our Approach

Printcare Group is committed to a philosophy that ensures all employees and job applicants are treated with equal respect and dignity. Hence, any unlawful practices based on race, colour, nationality, ethnic or national origin, religion, disability, marital or civil partnership status, gender reassignment, pregnancy and maternity caring, parental responsibilities or their beliefs on matters such as religion and politics will not be tolerated.

Furthermore the Company will ensure that no requirement or condition will be imposed without justification which could disadvantage individuals on any of the above grounds. Printcare is committed to provide an environment which promotes positive attitudes. The policy applies to recruitment and selection, terms and conditions of employment including pay and benefits, communications, training, promotion, transfer and every other aspect of employment.

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, Equal Opportunities Policy and Sexual Harassment Policy. The employee charts shown earlier attests that we have a diversified workforce free of discrimination.

HUMAN RIGHTS GRIEVANCE MECHANISMS

Our Approach

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 corporate culture. Printcare is committed to the highest standards of openness, integrity and accountability and all employees and our stakeholders are treated with respect and dignity.

An important aspect of accountability and transparency is a mechanism to enable staff and other members of Printcare, to voice concerns in a responsible and effective manner. Grievance mechanisms for human rights such as worker representative meetings, open door policy and whistle blowing procedures are in place.

There were no human rights related grievances raised during the year.

GRIEVANCE MECHANISMS

Open Door Policy

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 a feedback to any Senior Manager of the Management Team including the Managing Director.

Worker Representative Meetings

We use regular Worker Representative Meetings to communicate with our workforce. These meetings are held 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. Therefore, currently none of our employees are covered by collective bargaining agreements, as such agreements have not been found to be necessary within Printcare.

Whistle Blowing Mechanism

The Whistle Blowing policy also states the mechanism on how to blow the whistle in the event of discovering any malpractice. As defined in the "Whistle Blowing Policy" Employees can raise their concerns to their immediate Supervisor or Head of Department. In situations where the individual is uncomfortable in approaching the said people, they can raise the concerns to the Head of HR or any Head of Department. If the disclosure is extremely severe in nature employees can notify their concerns to the Managing Director via email or a letter. During the year, there were no incidents of grievances relating to human rights recorded.

ANTI-CORRUPTION

Our Approach

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. Ethical practices are placed as one of the core values of Printcare and it maintains a zero tolerance policy towards corruption and bribery in all its transactions.

It is our principle not to pay any sort of bribe or accept from customers, suppliers, politicians, government advisers or representatives, private person or company. It is not permitted to establish accounts or internal budgets for the purpose of facilitating bribes or influencing transactions.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION

Our Anti-Corruption Policy is uploaded on the Printcare intranet and included in the employee hand book which is distributed to all employees at the time of recruitment. We also train all our new hires on our ethical standards and anti-corruption policies at the induction programme held monthly. Out of the 44 Management employees 100% of management team employees were communicated regarding the Anti-Corruption policies. More than 90% of the non management employees were also trained on Anti-Corruption policy during the year.

SOCIAL COMPLIANCE

Our Approach

Printcare adheres to all laws and regulations of Sri Lanka and ILO requirements in conducting its business practices. Business level compliance reviews are conducted throughout the Group every quarter to ensure that all business units are adhering to legal and statuary requirements.

LEGAL COMPLIANCE WITH LAWS AND REGULATIONS

There were no fines or monetary sanctions related to accounting fraud, workplace discrimination or corruption in 2017 across the Group.

PRODUCT RESPONSIBILITY

CUSTOMER HEALTH AND SAFETY

Our Approach

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 the environment. We are aware that as a manufacturer we are responsible for the waste we generate not only during the production process but also when the product is discarded. Hence, we continue to assess the health and safety impacts of products and services throughout our process. Our business operations that directly relates to food related products are certified under global food safety standards which assess the health and safety impacts of products and services at each stage of our production process from development to the delivery stage.

ASSESSMENT OF HEALTH AND SAFETY IMPACTS

Our business operations relating to tea bag tags and envelopes and carton packaging for food related products have a direct impact on the health and safety of the users' of the product. Food packaging segment of the Group is 82% which related to health and safety implications of the users. It is our responsibility to ensure the safety of food items until consumption. Therefore, we comply with standards such as FSSC 22000:2013 and BRC/IOP global food safety programmes which are specifically designed for food packaging manufacturers to reduce food safety risks.

CUSTOMER SATISFACTION

Our Approach

Customers are one of our key stakeholders. Therefore, we believe that closely engaging with them will help us understand their needs, improve our business, and build customer loyalty in the long term.

Meetings are held weekly, monthly and annually with customers to obtain feedback on our products and services. The Group also conducts a customer engagement survey every two to three years to obtain customer feedback.

We also have an integrated ERP system which updates all our customer complaints so that they are not repeated in the future.

Our ISO 9001 Quality Management System helps ensure that customers get consistent good quality products and services.

CUSTOMER SATISFACTION

Apart from the regular customer engagement methods mentioned in the "Stakeholder Engagement" section we conduct a customer engagement survey every two years to three years through an independent facilitator. The last customer engagement survey was held in 2015 across 4 companies Printcare PLC, Printcare Universal (Pvt) Ltd, Printcare Secure Ltd and Printcare Packaging (Pvt) Ltd. Currently, Printcare is addressing the issues identified by the customers during the survey. Majority of customers responded that they had not been made aware of the sustainability initiatives carried out by Printcare.

LOCAL COMMUNITY

COMMUNITY

Our Approach

Printcare strives to be a good citizen and we believe that the community in which we operate, needs to benefit as a result of us being here. Apart from the fact that this satisfies an altruistic need to do good, this also ensures that the neighborhood becomes a strong supporter of our company. 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 will focus on the economic welfare of the community and the improvement of its educational standards.

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

Our community investment initiatives and philanthropy has two main components, economic welfare and education contribution. The Group carries out its work both directly by supporting learning and education, and facilitating infrastructure for education and growth.

LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMMES

We believe that as a significant employer it is our responsibility to improve services for the community as a whole and not just our individual customers. Therefore, we actively promote our group companies to work towards maximizing the positive impacts on the local community and the environment. At present, we do not have a local community impact needs assessment in place.

However, we are looking to implement a formal method in the future. We have currently designated Printcare representatives who engage with the local Urban Councils, schools and temples in the Kelaniya and Kadawatha locations informally to identify and understand their needs and any positive or negative impacts created through our operations.

According to the risk management process in place at Printcare, an environment impact/aspect assessment is carried out and reviews are done annually. Activities are categorized for each operation and the impacts of each activity to the environment and community are identified. These impacts are then evaluated and graded based on certain criteria. Finally the aspects are rated as significant if the rating determined is high. All these significant impact areas are then addressed by implementing operational controls.

DEVELOPMENT AND EDUCATION OF THE COMMUNITY

Supporting IT Learning

As an ongoing project for the past 8 years Printcare has been providing financial support to the youth of the community in order to reach their potential through learning new IT skills. Printcare sponsors the teaching at the Sri Gnananadashrama computer centre that provides computer training to students living around the village. The company has been paying for the cost of the instructor on a monthly basis.

Building Skills and Knowledge

We create value to our stakeholders by supporting individuals who wish to upgrade or enrich their job skills and opportunities. Printcare has set up collaborations with local universities such as University of Moratuwa, University of Jayawardenapura, University of Kelaniya as well as private universities such as Academy of Design (AOD) and Raffles Institute of Higher Education in order to assist the university students with their education and to give them an insight into the industrial and corporate sector.

Graphic and Communication Design students from The University of Moratuwa - Faculty of Architecture, participated in a training program that incorporated work experience into their ongoing University course. This year a 5 day industrial training programme was conducted for 14 students. The training covered all Printcare factories and operations for 4 days and 1 day training was given at one of the two leading tea exporting factories. The final stage was where the students were given an opportunity to design a suitable package for a customer and present it to Printcare Team. This programme not only adds knowledge to them it lets the students immediately apply what they were learning in the classroom.

SUPPORTING COMMUNITY GROUPS AND CHARITIES

Distribution of Food Hampers

During Poson the Group distributes food hampers consisting of dry rations to several destitute families in the Nungamugoda village. This has been an ongoing project for the last few years and the Company has been able to help over 40 families annually through this project.

Blood Donation Camp

Printcare Group in collaboration with Ragama Blood Bank organized a Blood Donation Camp on in Kelaniya. This gave an opportunity for the employees of the Group as well as the villagers of Kelaniya to volunteer to save a life by donating blood.

Flood Relief

During the widespread flooding and landslides in May 2016 the Group donated Rs. 1,365,000 in cash and dry ration parcels to 10 flood victims of Printcare employees and other neighbouring families.

Printcare further continued to extend their help to these flood victims in the neighborhood by donating 120 school books and stationery items to students of Kelani Maha Vidyalaya and 240 shoes and socks for the students of Peliyagoda Roman Catholic School.

Promoting Better Hygiene Standards for Students

Having adequate sanitation units is a necessity for schools. Mahamaya Balika Vidyala of Kadawatha with over 2000 students had a lack of basic infrastructure in clean latrines. Identifying this issue Princare constructed 3 sanitation units and 1 wash room with showers for the children of this school.

GRI CONTENT INDEX FOR 'IN ACCORDANCE' - CORE

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The General and Specific Standard Disclosure Items listed above have not been externally assured.

For further information or any enquiries on our Sustainability Report, contact:

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRINTCARE PLC

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Printcare PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 62 to 105.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion, scope and limitations of the audit are as stated above.
b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
- the financial statements of the Company give a true and fair view of its financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
- the financial statements of the Company and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Ernst & Young

14 July 2017
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
		2017	2016	2017	2016
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	4.1	4,889,545,328	5,165,085,922	884,906,451	1,125,452,605
Cost of Sales		(3,750,035,141)	(3,914,202,418)	(743,262,200)	(866,481,193)
Gross Profit		1,139,510,187	1,250,883,504	141,644,251	258,971,412
Distribution Costs		(131,468,693)	(150,739,592)	(18,080,214)	(20,981,697)
Administrative Expenses		(675,374,240)	(649,218,520)	(119,792,622)	(135,530,233)
Other Operating Income	4.2	27,559,378	26,250,649	39,690,424	25,321,518
Finance Income	4.3	9,414,465	6,921,423	94,000,107	57,872,213
Finance Costs	4.4	(67,580,757)	(56,967,736)	(2,892,816)	(4,814,895)
Share of Associate Profit / (Loss)	11	7,096,108	(2,135,306)	-	-
Profit Before Tax	4.5	309,156,448	424,994,422	134,569,129	180,838,318
Income Tax (Expense)/Reversal	5.1	(67,952,890)	(76,884,761)	(2,988,424)	(16,707,259)
Profit for the Year		241,203,558	348,109,661	131,580,705	164,131,059
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods					
Gains on Available for Sale Financial Assets	19.2	2,782,800	3,279,310	1,237,300	2,899,784
Exchange Differences on Translation of Foreign Operations	19.3	617,873	(203,884)	-	-
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods					
Actuarial Gains/(Losses)	21.1	(1,421,912)	(865,456)	(2,718,172)	925,036
Deferred Tax Effect on Actuarial Gain/(Loss)	5.4	289,897	2,358	338,731	(25,686)
Other Comprehensive Income for the Year Net of Tax		2,268,657	2,212,328	(1,142,141)	3,799,134
Total Comprehensive Income for the Year Net of Tax		243,472,215	350,321,989	130,438,564	167,930,193
Profit Attributable to:					
Equity Holders of the Parent		213,473,877	313,993,063	131,580,705	164,131,059
Minority Interests		27,729,681	34,116,598	-	-
		241,203,558	348,109,661	131,580,705	164,131,059
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		215,791,937	316,418,668	130,438,564	167,930,193
Minority Interests		27,680,278	33,903,321	-	-
		243,472,215	350,321,989	130,438,564	167,930,193
Earnings Per Share - Basic	6	2.48	3.68	1.53	1.91
Dividends Per Share	20	1.65	1.15	1.65	1.15

The accounting policies and notes on pages 68 through 105 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group		Company	
ASSETS	**Note**	**2017**	**2016**	**2017**	**2016**
Non-Current Assets		**Rs.**	**Rs.**	**Rs.**	**Rs.**
Property, Plant and Equipment	7	2,647,524,367	2,599,332,945	492,980,056	458,849,961
Intangible Assets	8	56,762,654	56,648,880	4,633,535	8,653,686
Investment Property	9	8,554,518	8,989,494	46,504,775	48,219,634
Investment in Subsidiaries	10	-	-	280,807,420	381,757,380
Investment in Associate	11	10,480,400	3,384,292	-	-
Available for Sale Investments	12	43,398,728	40,615,902	37,420,228	36,182,902
Deferred Tax Assets	5.3	1,493,581	1,578,482	-	-
		2,768,214,248	2,710,549,995	862,346,014	933,663,563
Current Assets					
Inventories	13	1,186,235,852	981,341,995	254,637,741	240,748,296
Trade and Other Receivables	14	1,112,327,574	1,084,241,319	159,143,441	186,695,158
Prepayments	15	9,546,819	10,604,818	4,735,600	4,621,913
Tax Recoverables	16	85,646,115	58,527,539	12,027,520	13,255,943
Cash and Bank Balances	17	327,201,924	179,075,922	191,259,099	57,907,248
		2,720,958,284	2,313,791,593	621,803,401	503,228,558
Total Assets		5,489,172,532	5,024,341,588	1,484,149,415	1,436,892,121
EQUITY AND LIABILITIES					
Equity					
Stated Capital	18	271,893,021	271,893,021	271,893,021	271,893,021
Reserves	19	996,050,277	328,483,903	409,271,498	96,000,000
Retained Earnings		1,600,952,082	2,197,363,180	399,354,765	725,270,003
Available for Sale Reserve	19	21,172,831	18,390,031	15,784,331	14,547,031
		2,890,068,211	2,816,130,135	1,096,303,615	1,107,710,055
Minority Interests		141,892,251	129,955,251	-	-
Total Equity		3,031,960,462	2,946,085,386	1,096,303,615	1,107,710,055
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12.3	281,263,086	328,576,872	-	-
Deferred Tax Liabilities	5.4	265,205,352	251,882,258	32,035,168	35,887,245
Employee Benefit Liabilities	21	154,706,861	135,159,493	62,461,833	53,700,578
		701,175,299	715,618,623	94,497,001	89,587,823
Current Liabilities					
Trade and Other Payables	22	576,660,193	649,475,774	121,417,668	154,174,150
Tax Payables	23	47,876,073	48,395,674	9,877,849	17,903,716
Interest Bearing Loans and Borrowings	12.3	1,131,500,505	664,766,131	162,053,282	67,516,377
		1,756,036,771	1,362,637,579	293,348,799	239,594,243
Total Equity and Liabilities		5,489,172,532	5,024,341,588	1,484,149,415	1,436,892,121

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

....
Anushya Coomaraswamy
Director

The accounting policies and notes on pages 68 through 105 form an integral part of the financial statements.

14 July 2017 | Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Equity Holders of the Parent	
	Note	Stated Capital Rs.	Other Reserve Rs.
Group			
As at 1 April 2015		271,893,021	333,112,000
Redemption of Share Granted to Employee Share Trust Fund		-	-
Transfers to Other Reserves		-	112,500
Profit for the Year		-	-
Other Comprehensive Income		-	-
Ordinary Dividends Paid	20	-	-
As at 31 March 2016		271,893,021	333,224,500
Transfers to Other Reserves		-	666,948,501
Profit for the Year		-	-
Other Comprehensive Income		-	-
Ordinary Dividends Paid	20	-	-
As at 31 March 2017		271,893,021	1,000,173,001

Company	
As at 1 April 2015	
Profit for the Year	
Other Comprehensive Income	
Ordinary Dividends Paid	20
As at 31 March 2016	
Profit for the Year	
Other Comprehensive Income	
Transfer to Other Reserve	
Ordinary Dividends Paid	20
As at 31 March 2017	

The accounting policies and notes on pages 68 through 105 form an integral part of the financial statements.

Exchange Translation Reserve Rs.	Retained Earnings Rs.	Available for Sale Reserve Rs.	Total Rs.	Employee Share Trust Fund Shares Rs.	Minority Interests Rs.	Total Equity Rs.
(4,536,713)	1,984,933,751	15,110,721	2,600,512,780	(2,667,290)	105,624,595	2,703,470,085
-	(2,667,290)	-	(2,667,290)	2,667,290	-	-
-	(112,500)	-	-	-	-	-
-	313,993,063	-	313,993,063	-	34,116,598	348,109,661
(203,884)	(649,821)	3,279,310	2,425,605	-	(213,277)	2,212,328
-	(98,134,023)	-	(98,134,023)	-	(9,572,665)	(107,706,688)
(4,740,597)	2,197,363,180	18,390,031	2,816,130,135	-	129,955,251	2,946,085,386
-	(666,948,501)	-	-	-	-	-
-	213,473,877	-	213,473,877	-	27,729,681	241,203,558
617,873	(1,082,612)	2,782,800	2,318,061	-	(49,404)	2,268,657
-	(141,853,861)	-	(141,853,861)	-	(15,743,278)	(157,597,140)
(4,122,724)	1,600,952,082	21,172,831	2,890,068,211	-	141,892,251	3,031,960,461

Stated Capital Rs.	Other Reserve Rs.	Retained Earnings Rs.	Available for Sale Reserve Rs.	Total Rs.
271,893,021	96,000,000	659,101,265	11,647,247	1,038,641,533
-	-	164,131,059	-	164,131,059
-	-	899,350	2,899,784	3,799,134
-	-	(98,861,671)	-	(98,861,671)
271,893,021	96,000,000	725,270,003	14,547,031	1,107,710,055
-	-	131,580,705	-	131,580,705
-	-	(2,379,441)	1,237,300	(1,142,141)
-	313,271,498	(313,271,498)	-	-
-	-	(141,845,004)	-	(141,845,004)
271,893,021	409,271,498	399,354,765	15,784,331	1,096,303,615

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit Before Income Tax Expense		309,156,448	424,994,422	134,569,129	180,838,318
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Depreciation of Property, Plant Equipment	7	253,257,290	206,531,464	43,484,171	40,902,451
Amortization of Intangible Assets	8	8,802,126	9,219,669	4,020,151	4,083,530
Amortization of Investment Property	9	434,976	434,976	2,340,876	2,320,731
(Profit) / Loss on Disposal of Property, Plant and Equipment	4.5	(5,804,072)	2,916,765	(5,589,248)	(7,990)
Gain on sale of Investment		(20)	-	(13,395,000)	-
Finance Costs	4.4	67,580,757	56,967,736	2,892,816	4,814,895
Finance Income	4.3	(9,414,465)	(6,921,423)	(94,000,107)	(57,872,213)
Provision for Employee Benefit Liability	21	28,786,656	24,383,780	11,185,658	9,237,403
Provision for Slow Moving Stocks	4.5	473,239	(18,435,189)	1,361,657	59,804
Provision/(Reversal) of Impairment of Trade and Other Receivables	4.5	8,947,449	10,899,228	-	-
Share of Associate (Profit)/Loss	11	(7,096,108)	2,135,306	-	-
Creditors Written-back	4.5	-	(1,721,603)	-	-
Unrealised Exchange (Gain)/Loss		72,438,463	74,378,024	2,288,004	4,965,033
Operating Profit before Working Capital Changes		727,562,739	785,783,155	89,158,107	189,341,962
Working Capital Adjustment:					
(Increase)/ Decrease in Inventories		(205,367,096)	25,607,029	(15,251,102)	34,120,364
(Increase)/ Decrease in Trade and Other Receivables		(37,033,704)	(49,476,025)	27,551,717	36,978,246
(Increase)/ Decrease in Prepayments		1,057,999	(2,012,055)	(113,687)	(1,031,897)
(Increase)/Decrease in Tax Recoverable net of payable		(16,375,395)	(5,676,937)	1,151,294	2,016,896
Increase/ (Decrease) in Trade and Other Payables		(72,815,581)	(14,228,245)	(32,756,482)	(20,509,512)
Cash Generated From Operations		397,028,961	739,996,922	69,739,847	240,916,059
Finance Costs Paid	4.4	(67,580,757)	(56,967,736)	(2,892,816)	(4,814,895)
Employee Benefit Plan Costs Paid	21	(10,661,200)	(5,466,482)	(5,142,575)	(1,982,350)
Income Tax Paid		(65,517,788)	(68,873,636)	(14,450,534)	(18,828,397)
Net Cash Flows From Operating Activities		253,269,216	608,689,068	47,253,922	215,290,417

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Cash Flows From Investing Activities					
Acquisition of Property, Plant and Equipment	7	(302,624,186)	(110,543,558)	(78,336,603)	(24,696,841)
Proceeds from sale of Property, Plant and Equipment		6,979,548	4,439,062	6,311,586	31,044
Acquisition of Intangible Assets	8	(8,915,900)	(18,700,736)	-	(1,947,496)
Acquisition of Investments Property	9	-	-	(626,017)	(573,550)
Finance Income Received	4.3	9,414,465	6,921,423	94,000,107	57,872,213
Proceeds from sale of Investment		-	-	114,345,000	-
Investment in Subsidiaries		-	-	(40)	-
Net Cash Flows From/(Used in) Investing Activities		(295,146,073)	(117,883,809)	135,694,033	30,685,370
Cash Flows From Financing Activities					
Proceeds from Bank Loans	12.3.1	5,667,238,162	2,560,375,521	518,426,983	237,942,328
Repayment of Bank Loans		(5,316,419,285)	(2,930,461,136)	(425,960,991)	(356,337,392)
Ordinary Dividend Paid	20	(157,597,140)	(107,706,688)	(141,845,004)	(98,861,671)
Net Cash Flows From/(Used in) Financing Activities		193,221,738	(477,792,303)	(49,379,012)	(217,256,735)
Net Increase/(Decrease) in Cash and Cash Equivalents		151,344,881	13,012,956	133,568,943	28,719,052
				-	
Net Foreign Exchange Difference		617,873	(203,884)	-	-
Cash and Cash Equivalents at the Beginning of the Year	17	112,325,689	99,516,617	44,290,856	15,571,804
Cash and Cash Equivalents at the End of the Year	17	264,288,443	112,325,689	177,859,798	44,290,856

The accounting policies and notes on pages 68 through 105 form an integral part of the financial statements.

1. CORPORATE INFORMATION

1.1 General

Printcare PLC is a limited liability company incorporated and domiciled in Sri Lanka whose shares are publicly traded on the Colombo Stock Exchange. The registered office and the principal place of business is located at No. 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
The Holding Company	
Printcare PLC	Manufacturing and printing of tea bag tags and envelopes
Subsidiary Companies	
Printcare Universal (Pvt) Ltd	Manufacturing and printing of Packing Materials, Specialising in Food-Grade Packaging
Printcare Packaging (Pvt) Ltd	Manufacturing and Printing of Packing Materials, Specialising in Non Food-Grade Consumer Items
Printcare Labels (Pvt) Ltd	Manufacturing and Trading of Adhesive Labels, Printed Papers.
Printcare Premedia Services Ltd	Graphic Design, Prepress, RFID labels and Premedia Services
Printcare Secure Ltd	Specialised Printing of Products with Security Features
Printcare India (Pvt) Ltd	Manufacturing and Printing of tea bags tags and Envelopes
Veyron Media Services (Pvt) Ltd	Graphic Design
Associate Company	
r-pac Printcare Lanka (Pvt) Ltd	Manufacture of hang tags, fabric care labels, self-adhesives labels, heat transfer labels and hardline packaging

1.3 Directors' Responsibility Statement

The Board of Directors is responsible for the preparation and presentation of these financial statements.

1.4 Date of Authorisation for Issue

The financial statements of the Company and the Group for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 14 July 2017.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred as “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.1 Basis of Measurement

The financial statements of the Company and the Group, presented in Sri Lanka rupees, have been prepared on an accrual basis and under the historical cost convention, except for available-for-sale financial assets, that has been measured at fair value.

2.1.2 Statement of Compliance

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.1.3 Going Concern

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

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used previously. Prior year figures and phrases have been re-arranged where necessary to conform to the current year’s presentation.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries (“the Group”) as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2.1 Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Statement of Profit or Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.2.2 Financial Year

All companies in the Group have a common financial year, which ends on 31 March except for r-pac Printcare Lanka (Pvt) Ltd, the associate company, where the financial year ends on 31 December. The Management has made necessary, adjustments to incoporate the impact of the difference in reporting period.

2.2.3 Country of Incorporation

All subsidiaries and associate 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 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Deferred Tax

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

(b) Transfer Pricing Regulation

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations necessitated using management judgement to determine the impact of transfer pricing regulations. Accordingly, critical judgements and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgements. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change owing to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Employee Benefits

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 21.4.

(b) Useful Lives of Property, Plant and Equipment, Intangible Assets and Investment Property

The Group reviews the assets' residual values, useful lives and methods of depreciation or amortisation at each reporting date. Judgement by management is exercised in the estimation of these values, rates and methods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

2.4.1 Foreign Currency Translation

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the Company's functional and presentation currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arising from this method.

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

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rate as at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange as at the reporting date. All differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

2.4.2 Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group and Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group and Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition 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 delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b) Rendering of Services
Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

c) Interest Income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest Income is recognised as the interest accrues unless collectability is in doubt. Interest income is included in finance income in the consolidated statement of profit or loss.

d) Dividend Income
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Rental Income
Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

f) Others
Other income is recognised on an accrual basis.

Net Gains and losses on the disposal of property, plant & equipment have been accounted for in the Statement of Profit or Loss, 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.

2.4.3 Taxes

Current Income Tax
Current income tax assets and liabilities for the current period 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 as at the reporting date.
Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 Inland Revenue Act.
Withholding tax on dividends received from subsidiaries is recognised as a tax expense in the Consolidated Statement of Profit or Loss

Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except, when 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; or/and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets 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 credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or/and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4.4 Property, Plant and Equipment

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

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 cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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 consolidated statement of profit or loss in the year the asset is derecognised.

Depreciation is calculated on a straight line basis over the useful life of the assets as disclosed in Note 7.3.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

2.4.5 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self- constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolited statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the value for subsequent accounting is the cost at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change. Investment Properties are amotised over 25 years.

2.4.6 Intangible Assets

Computer Software and Candela Learning Material

Acquired computer software licenses and Candela Learning Material are capitalised on the basis of the costs incurred to acquire and bring to use this asset and expenses incurred which are directly attributed for the development of the intangible asset. The costs relating to computer software licenses and Candela Learning Material are amortised over their estimated useful life of 5 years and 10 years respectively. Costs associated with carrying out the tasks are recognised as an expense as and when incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets except candela related expenses are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairement, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss under the expense category that is consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.4.7 Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.8 Financial Instruments - Initial Recognition and Subsequent Measurement

2.4.8.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value, plus in the case of assets not recorded at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include trade and other receivables, loans and other receivables and investments made in equity securities.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit or loss in selling and distribution expenses.

(b) Available-for-Sale Financial Investments

Available-for-sale financial investments include investments made in quoted equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.
The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intention and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4.8.2 Impairment of Financial Assets

The Group assesses at each reporting date whether there are any objective evidences that a financial asset or a group of financial assets is/are impaired. A financial asset or a group of financial assets is/are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a) Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.
The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

b) Available-for-Sale Financial Investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss - is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity investments are not reversed through the consolidated statement of profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

2.4.8.3 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.4.8.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.4.9 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.4.

2.4.10 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 or CGU 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, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, 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 estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.4.11 Inventories

Inventories are valued at the lower of cost and 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.

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

Raw Materials	- At 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, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity
Consumables & Spares	- At actual cost on Weighted Average cost basis
Goods in Transit	- At purchase cost

2.4.12 Cash and Bank Balance

Cash and bank balance includes cash at bank and 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 statement of cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.13 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 all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4.14 Employee Benefits

a) Defined Benefit Plan – Gratuity

The Group measures the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method with the advice of an actuary.

The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Actuarial gains and losses are recognised in other comprehensive income in the period in which it arises. The item is stated under Employee Benefit Liability in the Consolidated Statement of Financial Position.

This is not an externally funded defined benefit plan.

b) Defined Contribution Plans - Employees’ Provident Fund & Employees’ Trust Fund

All employees who are eligible for Employees’ Provident Fund contributions and Employees’ Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to the Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.4.15 Share-Based Payment Transactions

Senior Employees of the Group received remuneration in the form of share-based payment transactions, whereby employees rendered services as consideration for equity instruments (equity-settled transactions). The Share based payment plan was dissolved in September 2015.

Equity-Settled Transactions

The cost of equity-settled transactions was recognised together with a corresponding increase in other capital reserves in equity over the period in which the service conditions were fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflected the extent to which the vesting period had expired and the Group ultimately vested ownership in shares.

The income statement expense or credit for a period represented the movement in cumulative expenses recognised as at the beginning and end of that period and was recognised in employee benefits expense.

No expense was recognised for awards that did not ultimately vest, except for equity-settled transactions for which vesting was conditional upon a market or non-vesting condition. These were treated as vesting irrespective of whether or not the market or non-vesting condition was satisfied, provided that all other service conditions were satisfied.

Where the terms of an equity-settled transaction award were modified, the minimum expense recognised was the expense as if the terms had not been modified, if the original terms of the award were met. An additional expense was recognised for any modification that increased the total fair value of the share-based payment transaction, or was otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award was cancelled, it was treated as if it vested on the date of cancellation, and any expense not yet recognised for the award was recognised immediately. This included any award where non-vesting conditions within the control of either the entity or the employee were not met. However, if a new award was substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled award and the new award were treated as if they were a modification of the original award, as described in the previous paragraph.

2.5 IMPENDING ACCOUNTINGS STANDARDS / STANDARDS ISSUED NOT YET EFFECTIVE

Certain new accounting standards and improvements to existing standards have been published, that are not mandatory for reporting periods ending 31 March 2017. The Company has not opted for early adoption of any of those standards.

(i) SLFRS 9 Financial Instruments

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. SLFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting.

SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

(ii) SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under SLFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

(iii) SLFRS 16 - Leases

SLFRS 16 replaces LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under SLFRS 16 is substantially unchanged from today's accounting under LKAS 17. Lessors will continue to classify all leases using the same classification principle as in LKAS 17 and distinguish between two types of leases: operating and finance leases.

SLFRS 16 also requires lessees and lessors to make more extensive disclosures than under LKAS 17. SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies SLFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The following amendments and improvements are not expected to have a significant impact on the Company's/Group's consolidated financial statements.

- Disclosure Initiative (Amendments to LKAS 7)

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to LKAS 12)

- Annual Improvements to SLFRSs 2014–2016 Cycle – various standards.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

The printing segment, which engages in manufacturing and printing of tea bags and envelopes and printing of products with security features.

The packaging segment, which engages in manufacturing and printing of packing materials, printing and binding of books, magazines, brochures and catalogue, graphic design, prepress and providing premedia services.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Operating Segments	Printing		Packaging		Group	
	2017	2016	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
Direct Exports	652,495,972	895,899,408	568,070,817	619,167,272	1,220,566,789	1,515,066,680
Indirect Exports	265,173,156	298,844,295	1,523,244,612	1,679,866,900	1,788,417,768	1,978,711,195
Local Sales	943,949,738	824,779,722	936,611,033	846,528,325	1,880,560,771	1,671,308,047
	1,861,618,865	2,019,523,425	3,027,926,463	3,145,562,497	4,889,545,328	5,165,085,922
Segment Results						
Profit Before Tax	128,651,213	209,769,494	180,505,235	215,224,928	309,156,448	424,994,422
Taxation	(43,452,131)	(32,736,429)	(24,500,759)	(44,148,332)	(67,952,892)	(76,884,761)
	85,199,082	177,033,065	156,004,477	171,076,596	241,203,558	348,109,661
Minority Interests	(13,648,469)	(12,911,118)	(14,081,212)	(21,205,480)	(27,729,681)	(34,116,598)
Profit Attributable to Equity Holders of the Parent	71,550,613	164,121,947	141,923,264	149,871,116	213,473,877	313,993,063
Segment Asset						
Non-Current Assets	1,078,367,665	1,038,761,444	1,689,846,583	1,671,788,551	2,768,214,248	2,710,549,995
Current Assets	1,012,876,676	889,444,352	1,708,081,608	1,424,347,241	2,720,958,284	2,313,791,593
	2,091,244,341	1,928,205,796	3,397,928,191	3,096,135,792	5,489,172,532	5,024,341,588
Segment Liabilities						
Non-Current Liabilities	263,615,689	222,718,961	437,559,610	492,899,662	701,175,299	715,618,623
Current Liabilities	500,750,776	505,660,484	1,255,285,995	856,977,095	1,756,036,771	1,362,637,579
	764,366,465	728,379,445	1,692,845,605	1,349,876,757	2,457,212,070	2,078,256,202
Other Information						
Additions to Property, Plant, Equipment, Investment Property and Intangible Assets	133,956,808	87,321,603	177,583,277	41,922,691	311,540,086	129,244,294
Depreciation and Amortization	88,591,721	81,793,980	173,902,671	134,392,129	262,494,392	216,186,109
	222,548,530	169,115,583	351,485,948	176,314,820	574,034,478	345,430,403
Non-Cash Expenses						
Provision for Bad & Doubtful Debts	602,504	135,575	8,344,945	10,763,653	8,947,449	10,899,228
Provision for Gratuity	14,334,238	12,259,522	14,452,418	12,124,258	28,786,656	24,383,780
Provision for Slow Moving Stocks	1,744,726	(4,686,128)	(1,271,487)	(13,749,061)	473,239	(18,435,189)
	16,681,468	7,708,969	21,525,876	9,138,850	38,207,344	16,847,819

4. REVENUE/OTHER INCOME AND EXPENSES

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.

4.1 Revenue

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Sale of Goods	4,854,262,405	5,134,378,971	882,317,469	1,123,064,819
Add : Nation Building Tax on Sales	35,282,923	30,706,951	2,588,982	2,387,786
Gross Revenue	4,889,545,328	5,165,085,922	884,906,451	1,125,452,605

4.1.1 Sale of Goods Summary

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Direct Exports	1,220,566,789	1,515,066,680	521,169,978	734,326,466
Indirect Exports	1,788,417,768	1,978,711,195	260,445,597	297,040,384
Local Sales	1,845,277,848	1,640,601,096	100,701,894	91,697,969
	4,854,262,405	5,134,378,971	882,317,469	1,123,064,819

4.2 Other Operating Income

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Rent Income	1,800,000	1,800,000	14,400,000	14,400,000
IT Service Charges	3,600,000	3,600,000	10,028,844	9,310,476
Scrap Sales	19,690,904	20,035,625	1,866,580	1,611,042
Gain on Sale of Investments	20	-	13,395,000	-
Sundry Income	2,468,454	815,024	-	-
	27,559,378	26,250,649	39,690,424	25,321,518

4.3 Finance Income

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Dividend Income	6,782,353	5,488,642	93,760,186	57,496,607
Interest Income	2,632,112	1,432,781	239,921	375,606
	9,414,465	6,921,423	94,000,107	57,872,213

4.4 Finance Costs

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Interest Expense on Overdrafts	5,213,725	884,629	214,207	42,124
Interest Expense on Loans and Borrowings	62,367,032	56,083,107	2,678,609	4,772,771
	67,580,757	56,967,736	2,892,816	4,814,895

4.5 Profit/(Loss) is stated after charging/(crediting)

	Group 2017 Rs.	2016 Rs.	Company 2017 Rs.	2016 Rs.
Included in Cost of Sales				
Employee Benefits including the following;				
- Employee Benefit Plan Costs - Gratuity	13,470,140	10,386,233	4,329,270	2,880,004
- Defined Contribution Plan Costs - EPF & ETF	28,912,167	26,119,280	6,511,966	6,012,778
Other Staff Costs	400,669,479	389,282,479	75,097,521	82,181,507
Depreciation of Property, Plant & Equipment	180,143,426	170,237,551	29,860,893	27,367,900
Included in Administrative Expenses				
Employee Benefits including the following;				
- Employee Benefit Plan Costs - Gratuity	15,316,516	13,997,547	6,856,388	6,357,399
- Defined Contribution Plan Costs - EPF & ETF	38,365,507	35,301,708	6,860,017	6,727,079
Other Staff Costs	331,217,883	347,319,649	55,290,082	75,404,188
Depreciation of Property, Plant & Equipment	73,113,864	36,293,913	13,623,250	13,534,551
Amortisation of Investment Property	434,976	434,976	2,340,876	2,320,732
Amortisation of Intangible Assets	8,802,126	9,219,669	4,020,151	4,083,530
Exchange (Gain)/Loss	(31,571,418)	(33,845,686)	(14,686,792)	(18,377,746)
Loss /(Profit) on Sale of Property, Plant & Equipment	(5,804,072)	2,916,765	(5,589,248)	(7,990)
Auditors' Remuneration - Current Year	2,641,664	2,557,694	725,000	735,000
Provision/(Reversal) of Impairment of Trade and Other Receivables	8,947,449	10,899,228	-	-
Provision for Slow Moving Stocks	473,239	(18,435,189)	1,361,657	59,804
Donations	5,294,651	4,672,923	388,319	171,440
Creditors Written-back	-	(1,721,603)	-	-
Directors' Fees	3,027,954	3,122,552	1,211,601	1,317,602
Included in Distribution Costs				
Transport and Vehicle Running Expenses	22,187,961	18,160,465	3,174,941	3,046,055
Advertising	-	67,906	-	-
Sales Promotions	13,477,940	17,866,245	3,718,835	4,601,027

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are :

5.1 Consolidated Statement of Profit or Loss

	Group 2017 Rs.	2016 Rs.	Company 2017 Rs.	2016 Rs.
Current Income Tax:				
Current Tax Expense on Ordinary Activities for the Year (Note 5.2)	55,366,345	61,008,621	6,457,689	18,387,038
Under/(Over) Provision of Current Taxes in Respect of Prior Years	944,375	(337,508)	44,081	67,246
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 5.3 and Note 5.4)	11,642,171	16,213,648	(3,513,346)	(1,747,025)
Income Tax Expense/(Reversal) reported in the Consolidated Statement of Profit or Loss	67,952,890	76,884,761	2,988,424	16,707,259

5.2 A Reconciliation between Tax Expense and the Product of Accounting Profit multiplied by the Statutory Tax Rate for the Years Ended 31 March 2017 and 2016 is as follows :

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Accounting Profit Before Income Tax	309,156,448	424,994,422	134,569,129	180,838,318
Aggregate Disallowed Items	306,047,909	238,372,006	61,742,019	57,124,901
Aggregate Deductible Expenses	(301,716,078)	(461,163,289)	(39,339176)	(88,937,812)
Tax Losses Brought Forward and Utilized	(62,987,237)	(34,454,446)	-	-
Income not Subject to Tax	(27,929,071)	(14,476,334)	(104,780,709)	-
Adjusted Trade Profit/(Loss)	222,571,972	153,272,359	52,191,263	149,025,407
Qualifying Payments	(116,982,346)	(16,928,127)	-	-
Taxable Income	105,589,626	136,344,232	52,191,263	149,025,407
Adjusted Taxable Profit	106,555,077	280,665,766	52,191,263	149,025,407
Adjusted Taxable Loss	(965,451)	(144,321,534)	-	-
	105,589,626	136,344,232	52,191,263	149,025,407
Statutory Tax Rate - Business Profit	12%	12%	12%	12%
- Other Income	28%	28%	28%	28%
Current Income Tax Expense	55,366,345	61,008,621	6,457,689	18,387,038

5.3 Deferred tax asset and income tax related to the following:

	Group	
	2017	2016
	Rs.	Rs.
Deferred Tax Liability Arising on:		
Property Plant and Equipment	-	1,042
	-	1,042
Deferred Tax Assets Arising on:		
Property Plant and Equipment	(20,185)	-
Effect of Carried Forward Tax Losses	(1,473,396)	(1,579,524)
	(1,493,581)	(1,579,524)
	(1,493,581)	(1,578,482)
Balance Brought Forward	(1,578,482)	(2,139,525)
Deferred Income Tax Credit/(Charge)- Statement of Profit or Loss	145,811	613,073
Deferred Income Tax Charge/(Credit)- Statement of Other Comprehensive Income on Exchange Translation Difference	(60,910)	(52,030)
	(1,493,581)	(1,578,482)

5.4 Deferred tax liability and income tax related to the following:

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Deferred Tax Liability Arising on:				
Property Plant and Equipment	336,371,344	327,361,462	39,818,991	42,524,948
	336,371,344	327,361,462	39,818,991	42,524,948
Deferred Tax Assets Arising on:				
Defined Benefit Plans	(20,566,197)	(18,373,647)	(7,783,823)	(6,637,703)
Effect of Carried Forward Tax Losses	(50,599,795)	(57,105,557)	-	-
	(71,165,992)	(75,479,204)	(7,783,823)	(6,637,703)
	265,205,352	251,882,258	32,035,168	35,887,245
Balance Brought Forward	251,882,258	235,911,383	35,887,245	37,608,584
Deferred Income Tax Charge/(Credit)- Statement of Profit or Loss	11,496,360	15,600,575	(3,513,346)	(1,747,025)
Deferred Income Tax Charge/(Credit)- Statement of Other Comprehensive Income - On Actuarial Gain or Loss	(289,897)	(2,358)	(338,731)	25,686
Deferred Income Tax Charge/(Credit)- Statement of Other Comprehensive Income on Exchange Translation Difference	2,116,631	372,658	-	-
	265,205,352	251,882,258	32,035,168	35,887,245

6. EARNINGS PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

The following reflects the income and share data used in the Earnings Per Share computations.

	Group 2017	Group 2016	Company 2017	Company 2016
Amount Used as the Numerator:	Rs.	Rs.	Rs.	Rs.
Net Profit attributable to Ordinary Equity Holders of the Company for Basic Earnings	213,473,877	313,993,063	131,580,705	164,131,059
Number of Ordinary Shares Used as the Denominator:	**Number**	**Number**	**Number**	**Number**
Weighted Average Number of Ordinary Shares at the Beginning of the Year	85,966,670	85,966,670	85,966,670	85,966,670
Weighted Average Number of Employee Share Trust Fund Shares	-	(661,823)	-	-
Weighted Average Number of Ordinary Shares at the End of the Year	85,966,670	85,304,847	85,966,670	85,966,670
Earnings Per Share - Basic	2.48	3.68	1.53	1.91

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Group

7.1.1 Gross Carrying Amounts

	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
At Cost	Rs.	Rs.	Rs.	Rs.
Freehold Land	287,281,202	13,827,413	-	301,108,615
Buildings on Freehold Land	495,578,142	48,361,329	-	543,939,471
Plant and Machinery	2,694,273,362	137,039,161	(2,936,014)	2,828,376,509
Furniture and Fittings	40,853,720	1,949,290	(221,352)	42,581,658
Office Equipment	80,908,401	8,889,696	(569,410)	89,228,687
Factory Equipment	231,037,369	49,271,300	(61,824)	280,246,845
Motor Vehicles	25,685,804	15,802,778	(13,506,130)	27,982,452
Gross Carrying Amount	3,855,618,000	275,140,967	(17,294,730)	4,113,464,237
Work in Progress				
Buildings	6,597,251	27,483,219	-	34,080,470
	6,597,251	27,483,219	-	34,080,470
	3,862,215,251	302,624,186	(17,294,730)	4,147,544,707

7.1.2 Depreciation

	Balance as at 01.04.2016	Charge for the year	Disposals/ Transfers	Balance as at 31.03.2017
At Cost	Rs.	Rs.	Rs.	Rs.
Buildings on Freehold Land	84,560,575	56,197,813	-	140,758,388
Plant and Machinery	951,130,668	160,522,782	(2,213,438)	1,109,440,012
Furniture and Fittings	20,737,598	4,113,357	(107,526)	24,743,429
Office Equipment	61,458,390	9,501,438	(569,408)	70,390,420
Factory Equipment	127,029,069	19,620,644	(15,207)	146,634,506
Motor Vehicles	17,966,006	3,301,256	(13,213,677)	8,053,585
Total Depreciation	1,262,882,306	253,257,290	(16,119,256)	1,500,020,340

7.1.3 Net Book Values

	As at 31.03.2017	As at 31.03.2016
At Cost	Rs.	Rs.
Freehold Land	301,108,615	287,281,202
Buildings on Freehold Land	403,181,083	411,017,567
Plant and Machinery	1,718,936,497	1,743,142,694
Furniture and Fittings	17,838,229	20,116,122
Office Equipment	18,838,267	19,450,011
Factory Equipment	133,612,339	104,008,300
Motor Vehicles	19,928,867	7,719,798
	2,613,443,897	2,592,735,694
Work in Progress		
Buildings	34,080,470	6,597,251
	34,080,470	6,597,251
Total Carrying Amount of Property, Plant and Equipment	2,647,524,367	2,599,332,945

7.2 Company

7.2.1 Gross Carrying Amounts

	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
At Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Freehold Land	130,000,000	-	-	130,000,000
Buildings on Freehold Land	154,820,595	1,626,696	-	156,447,291
Plant and Machinery	417,724,890	2,451,098	(1,947,867)	418,228,121
Furniture and Fittings	12,240,697	328,598	(4,880)	12,564,415
Office Equipment	40,414,313	4,375,337	(26,590)	44,763,060
Factory Equipment	61,579,856	27,496,655	-	89,076,511
Motor Vehicles	12,798,501	14,575,000	(12,500,000)	14,873,501
Gross Carrying Amount	829,578,852	50,853,384	(14,479,337)	865,952,899
Work In Progress				
Buildings	4,232,750	27,483,220	-	31,715,970
	4,232,750	27,483,220	-	31,715,970
	833,811,602	78,336,604	(14,479,337)	897,668,869

7.2.2 Depreciation

	Balance as at 01.04.2016	Charge for the year	Disposals/ Transfers	Balance as at 31.03.2017
At Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Buildings on Freehold Land	29,522,521	6,082,726	-	35,605,247
Plant and Machinery	256,195,813	24,248,096	(1,225,533)	279,218,375
Furniture and Fittings	7,570,409	1,119,806	(4,878)	8,685,337
Office Equipment	30,699,992	4,477,383	(26,590)	35,150,786
Factory Equipment	38,174,409	5,612,825	-	43,787,234
Motor Vehicles	12,798,497	1,943,334	(12,499,999)	2,241,832
Total Depreciation	374,961,641	43,484,171	(13,757,000)	404,688,812

7.2.3 Net Book Values

	As at 31.03.2017	As at 31.03.2016
At Cost	**Rs.**	**Rs.**
Freehold Land	130,000,000	130,000,000
Buildings on Freehold Land	120,842,044	125,298,074
Plant and Machinery	139,009,746	161,529,077
Furniture and Fittings	3,879,078	4,670,288
Office Equipment	9,612,274	9,714,321
Factory Equipment	45,289,276	23,405,447
Motor Vehicles	12,631,669	4
	461,264,087	454,617,211
Work in Progress		
Buildings	31,715,970	4,232,750
	31,715,970	4,232,750
Total Carrying Amount of Property, Plant and Equipment	492,980,056	458,849,961

7.3 The useful lives of the assets is estimated as follows;

Group	2017	2016
Buildings	10-35 Years	10-35 Years
Plant and Machinery	3-20 Years	3-20 Years
Motor Vehicles	5-11 Years	5-11 Years
Furniture and Fittings	6 -10 Years	6 -16 Years
Office Equipment	4-7 Years	4-7 Years
Factory Equipment	10 -15 Years	10 -19Years

Company	2017	2016
Buildings	25 Years	25 - 35 Years
Plant and Machinery	6-20 Years	6-20 Years
Motor Vehicles	5 Years	5 Years
Furniture and Fittings	6 Years	6 Years
Office Equipment	5 Years	5 Years
Factory Equipment	10 Years	10 Years

7.4 During the year the Group and the Company acquired property, plant and equipment to the aggregate value of Rs. 302,624,186/- and Rs. 78,336,604/- respectively for cash. (2016 -Rs. 110,543,558/- and Rs. 24,696,841/-)

8. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Cost				
As at 1 April	114,377,324	95,676,588	52,702,418	50,754,922
Additions During the Year	8,915,900	18,700,736	-	1,947,496
As at 31 March	123,293,224	114,377,324	52,702,418	52,702,418
Amortisation				
As at 1 April	57,728,444	48,508,775	44,048,732	39,965,202
Amortisation During the Year	8,802,126	9,219,669	4,020,151	4,083,530
As at 31 March	66,530,570	57,728,444	48,068,883	44,048,732
Net Book Value	56,762,654	56,648,880	4,633,535	8,653,686

Intangible assets include SAP ERP ECC6, Tally ERP 9, Hsenid HRIS Module Version 6 and Candela Learning Materials which are amortized over 05- 10 years.

9. INVESTMENT PROPERTY

	Group 2017	2016	Company 2017	2016
Cost	Rs.	Rs.	Rs.	Rs.
As at 1 April	9,569,462	9,569,462	59,581,063	59,007,513
Additions During the Year	-	-	626,017	573,550
As at 31 March	9,569,462	9,569,462	60,207,080	59,581,063
Amortisation				
As at 1 April	579,968	144,992	11,361,429	9,040,698
Amortisation During the Year	434,976	434,976	2,340,876	2,320,731
As at 31 March	1,014,944	579,968	13,702,305	11,361,429
Net Book Value	8,554,518	8,989,494	46,504,775	48,219,634

10. INVESTMENTS IN SUBSIDIARIES

Company	% Holding 2017	2016	No of Shares 2017	2016	Cost 2017	2016
					Rs.	Rs.
Printcare Universal (Pvt) Ltd	100%	100%	4,320,000	4,815,000	43,200,000	144,150,000
Printcare Premedia Services Ltd	65%	65%	3,250,004	3,250,000	32,500,040	32,500,000
Printcare Secure Ltd	78.5%	78.5%	9,533,077	9,533,077	76,500,000	76,500,000
Printcare India (Pvt) Ltd	100%	100%	527,308	527,308	128,107,400	128,107,400
Printcare Labels (Pvt) Ltd	100%	100%	49,998	49,998	499,980	499,980
					280,807,420	381,757,380

Material Partially Owned Subsidiaries

As per SLFRS 12, financial information of subsidiaries that have material Non- Controlling Interests need to be disclosed seperately. However, the Management concluded that there were no subsidiaries with material Non- Controlling Interest that require separate disclosure.

11. INVESTMENT IN ASSOCIATE

The Group has invested 45% interest in R-Pac Printcare Lanka (Pvt) Ltd, which is involved in the manufacture of hand tags, fabric acre labels, self-adhesives labels, heat transfer labels and hardline packaging for export. R-Pac Printcare Lanka (Pvt) Ltd is incorporated and domiciled in Sri Lanka.

	2017	2016
	Rs.	Rs.
Group's Carrying amount of the investment as at 1 April	3,384,292	5,519,598
Group Share of Profit for the Year	7,096,108	(2,135,306)
Group's carrying amount of the investment as at 31 March	10,480,400	3,384,292

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Group

12.1.1 Available for Sale Investments

12.1.2 Quoted Equity Shares

	No. of Shares 2017 Rs.	2016 Rs.	Fair Value 2017 Rs.	2016 Rs.
Taj Lanka Hotels PLC	62,425	62,425	1,310,925	1,460,745
Hemas Holdings PLC	55,000	55,000	5,978,500	4,433,000
			7,289,425	5,893,745

12.1.3 Non-Quoted Equity Shares

Packages Lanka (Pvt) Ltd.	2,005,442	2,005,442	36,109,303	34,722,157
			36,109,303	34,722,157
Total Available for Sale Investments			43,398,728	40,615,902

12.2 Company

12.2.1 Available for Sale Investments

12.2.2 Quoted Equity Shares

	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Taj Lanka Hotels PLC	62,425	62,425	1,310,925	1,460,745

12.2.3 Non-Quoted Equity Shares

Packages Lanka (Pvt) Ltd.	2,005,442	2,005,442	36,109,303	34,722,157
Total Available for Sale Investments			37,420,228	36,182,902

12.3 Interest Bearing Loans and Borrowings

	2017 Amount Repayable Within 1 Year Rs.	2017 Amount Repayable After 1 Year Rs.	2017 Total Rs.	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.
Group						
Bank Loans (Note 12.3.1)	1,068,587,024	281,263,086	1,349,850,110	598,015,898	328,576,872	926,592,770
Bank Overdrafts (Note 17.2)	62,913,481	-	62,913,481	66,750,233	-	66,750,233
	1,131,500,505	281,263,086	1,412,763,591	664,766,131	328,576,872	993,343,003
Company						
Bank Loans (Note 12.3.1)	148,653,981	-	148,653,981	53,899,985	-	53,899,985
Bank Overdrafts (Note 17.2)	13,399,301	-	13,399,301	13,616,392	-	13,616,392
	162,053,282	-	162,053,282	67,516,377	-	67,516,377

12.3.1 Bank Loans

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
As at 1 April	926,592,770	1,208,547,324	53,899,985	164,805,878
Loans Granted During the Year	5,667,238,162	2,560,375,521	518,426,983	237,942,328
Less: Repayments	(5,316,419,285)	(2,930,461,136)	(425,960,991)	(356,337,392)
Revaluation	72,438,463	88,131,061	2,288,004	7,489,170
As at 31 March	1,349,850,110	926,592,770	148,653,981	53,899,985

12.4 Fair Values

The fair values of the financial assets and liabilities are assessed at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. There is no difference between carrying amounts and fair values of the Group's and Company's financial assets and liabilities.

The following methods were used to estimate the fair values.

A. Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 March 2017, the carrying amounts of such borrowings are not materially different from their calculated fair values.

B. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

C. Fair values of the unquoted ordinary shares have been estimated using net assets of the investee company.

D. Fair values of of remaining available for sale financial assets are derived from quoted market prices in active markets

12.5 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2017, the Group or/and the Company held the following financial instruments carried at fair value in the Statement of Financial Position.

Group

Assets Measured at Fair Value	2017	Level 1	Level 2	Level 3
Available for Sale Financial Assets	Rs.	Rs.	Rs.	Rs.
Quoted Equity Shares	7,289,425	7,289,425	-	-
Unquoted Equity Shares	36,109,303	-	-	36,109,303
	43,398,728	7,289,425	-	36,109,303

Company

Assets Measured at Fair Value	2017	Level 1	Level 2	Level 3
Available for Sale Financial Assets	Rs.	Rs.	Rs.	Rs.
Quoted Equity Shares	1,310,925	1,310,925	-	-
Unquoted Equity Shares	36,109,303	-	-	36,109,303
	37,420,228	1,310,925	-	36,109,303

During the reporting period ending 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements. For unquoted equity instruments, net asset valuation have been used as a base to calculate the fair value of the investment.

13. INVENTORIES

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Raw Materials	789,166,717	610,450,572	146,957,482	148,764,749
Work-in-Progress	69,729,270	55,815,969	20,743,367	10,875,057
Finished Goods	79,764,434	79,187,762	17,011,530	15,550,142
Semi Finished Goods	9,967,536	7,485,782	-	-
Goods-in-transit	104,689,555	59,079,884	7,228,427	5,551,391
Consumables and Spares	146,705,106	185,195,892	67,747,438	63,695,803
	1,200,022,618	997,215,861	259,688,244	244,437,142
Less: Allowance for Obsolete and Slow Moving Inventory	(13,786,766)	(15,873,866)	(5,050,503)	(3,688,846)
Total Inventories at the lower of Cost and Net Realisable Value	1,186,235,852	981,341,995	254,637,741	240,748,296

14. TRADE AND OTHER RECEIVABLES

		Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Trade Debtors	- Related Parties (Note 14.1)	-	-	12,454,133	11,347,817
	- Others	1,035,307,061	1,021,642,538	111,647,110	141,979,359
Less: Provision for Doubtful Debts		(8,947,808)	(6,121,563)	(5,932)	-
		1,026,359,253	1,015,520,975	124,095,311	153,327,176
Other Debtors	- Others	47,380,069	22,517,392	2,228,261	237,152
	- Related Parties (Note 14.2)	-	-	17,809,598	16,501,212
Advances		38,305,585	45,646,682	14,947,271	16,588,348
Loans to Company Officers	(Note 14.3)	282,667	556,270	63,000	41,270
		1,112,327,574	1,084,241,319	159,143,441	186,695,158

14.1 Trade Receivable from Related Parties

	Relationship	Company 2017 Rs.	Company 2016 Rs.
Printcare Universal (Pvt) Ltd	Subsidiary	-	5,250
Printcare Labels (Pvt) Ltd	Subsidiary	11,410,545	11,054,863
Printcare India (Pvt) Ltd	Subsidiary	1,043,588	287,704
		12,454,133	11,347,817

14.2 Other Receivable from Related Parties

	Relationship	Company 2017 Rs.	Company 2016 Rs.
Printcare Universal (Pvt) Ltd	Subsidiary	5,721,885	4,864,801
Printcare Packaging (Pvt) Ltd	Subsidiary	6,846,671	6,908,880
Printcare Premedia Services Ltd	Subsidiary	845,743	959,903
Printcare Secure Ltd	Subsidiary	1,970,822	1,940,490
Printcare India (Pvt) Ltd	Subsidiary	2,374,477	1,483,061
Printcare Labels (Pvt) Ltd	Subsidiary	50,000	-
r-pac Printcare Lanka (Pvt) Ltd	Associate	-	344,077
		17,809,598	16,501,212

14.3 Loans to Company Officers

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
As at 1 April	556,270	536,510	41,270	423,010
Loans Granted During the Year	854,000	1,055,000	70,000	90,000
Repayments	(1,127,603)	(1,035,240)	(48,270)	(471,740)
As at 31 March	282,667	556,270	63,000	41,270

14.4 Trade receivables are non-interest bearing and are generally on term of 30-120 days,

Group	Total	Neither past due nor Impaired	Past due but not Impaired					Past due and Impaired
			< 30 days	30 - 60 days	61 - 90 days	91 - 120 days	> 120 days	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
2017	1,035,307,061	754,455,029	156,638,044	62,712,220	30,472,289	18,426,704	9,937,368	2,665,407
2016	1,021,642,538	734,238,020	123,209,988	76,181,544	30,290,636	18,991,355	32,609,432	6,121,563

Company	Total	Neither past due nor Impaired	Past due but not Impaired					Past due and Impaired
			< 30 days	30 - 60 days	61 - 90 days	91 - 120 days	> 120 days	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
2017	124,101,243	75,040,160	43,058,689	3,587,085	2,415,309	-	-	-
2016	153,327,175	81,342,893	47,089,903	17,930,787	1,062	-	6,962,530	-

15. PREPAYMENTS

	Group 2017 Rs	Group 2016 Rs	Company 2017 Rs	Company 2016 Rs
Prepayments	9,546,819	10,604,818	4,735,600	4,621,913
	9,546,819	10,604,818	4,735,600	4,621,913

Prepayments includes SAP Annual Maintenance Fees, Insurance Premiums etc.

16. TAX RECOVERABLES

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Value Added Tax	75,726,741	56,588,544	11,890,198	13,255,943
Nation Building Tax	137,322	-	137,322	-
Income Tax	9,782,052	1,938,995	-	-
	85,646,115	58,527,539	12,027,520	13,255,943

17. CASH AND SHORT TERM DEPOSITS

17.1 Favorable Cash & Cash Equivalent Balances

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Cash & Bank Balances	178,004,306	117,321,550	72,966,895	55,174,695
Funds Restricted in Use	3,792,204	2,732,553	3,792,204	2,732,553
Fixed Deposits	145,405,414	59,021,819	114,500,000	-
	327,201,924	179,075,922	191,259,099	57,907,248

17.2 Unfavorable Cash & Cash Equivalent Balances

Bank Overdrafts (Note 12.3)	(62,913,481)	(66,750,233)	(13,399,301)	(13,616,392)
Total Cash and Cash Equivalent For the Purpose of Cash Flow Statement	264,288,443	112,325,689	177,859,798	44,290,856

18. STATED CAPITAL

Group/Company	2017 Number	2016 Number	2017 Rs.	2016 Rs.
Ordinary Shares	85,966,670	85,966,670	271,893,021	271,893,021

19. RESERVES

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs	Company 2016 Rs
Other Reserve (Note 19.1)	1,000,173,001	333,224,500	409,271,498	96,000,000
Exchange Translation Reserve (19.3)	(4,122,724)	(4,740,597)	-	-
	996,050,277	328,483,903	409,271,498	96,000,000
Available for Sale Reserve (Note 19.2)	21,172,831	18,390,031	15,784,331	14,547,031
	21,172,831	18,390,031	15,784,331	14,547,031

19.1

	Group As at 01.04.2016	Group Transfer from Retained Earnings	Group As at 31.03.2017	Company As at 01.04.2016	Company Transfer from Retained Earnings	Company As at 31.03.2017
Other Reserve	333,224,500	666,948,501	1,000,173,001	96,000,000	313,271,498	409,271,498
	333,224,500	666,948,501	1,000,173,001	96,000,000	313,271,498	409,271,498

Other Reserve which is a revenue reserve represents the amounts set aside by the Directors for future expansions.

		Group As at 01.04.2016	Group Increase during the year	Group As at 31.03.2017	Company As at 01.04.2016	Company Increase during the year	Company As at 31.03.2017
19.2	Available for Sale Reserve	18,390,031	2,782,800	21,172,831	14,547,031	1,237,300	15,784,331
		18,390,031	2,782,800	21,172,831	14,547,031	1,237,300	15,784,331
19.3	Exchange Translation Reserve	(4,740,597)	617,873	(4,122,724)	-	-	-
		(4,740,597)	617,873	(4,122,724)	-	-	-

20. DIVIDENDS PROPOSED AND PAID

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Declared and Paid During the Year				
Dividends on Ordinary Shares:				
Final Dividend for 2016 :	61,919,329	51,564,021	55,878,334	47,281,669
Rs. 0.65 per Share (2015: Rs. 0.55 per Share)				
Interim Dividend for 2017 :	95,677,811	56,142,667	85,966,670	51,580,002
Rs. 1.00 per Share (2016: Rs. 0.60 per Share)				
	157,597,140	107,706,688	141,845,004	98,861,671
Dividend Per Share	1.65	1.15	1.65	1.15

21. EMPLOYEE BENEFIT LIABILITY

21.1 Net Benefit Expense

	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
Current Service Cost	15,850,984	13,271,826	5,010,092	4,500,347
Interest Cost on Benefit Obligation	12,935,672	11,111,954	6,175,566	4,737,056
Amount Recognised in Profit or Loss	28,786,656	24,383,780	11,185,658	9,237,403
Net Actuarial (Gains) / Losses	1,421,912	865,456	2,718,172	(925,036)
Amount Recognised in Other Comprehensive Income	1,421,912	865,456	2,718,172	(925,036)
Total Expense	30,208,568	25,249,236	13,903,830	8,312,367

21.2 Employee Benefit Liability

Changes in the present value of the Defined Benefit Obligation are as follows:	Group 2017 Rs.	Group 2016 Rs.	Company 2017 Rs.	Company 2016 Rs.
As at 1 April	135,159,493	115,376,739	53,700,578	47,370,561
Charge for the Year	28,786,656	24,383,780	11,185,658	9,237,403
Actuarial (Gains) / Losses	1,421,912	865,456	2,718,172	(925,036)
Benefits Paid	(10,661,200)	(5,466,482)	(5,142,575)	(1,982,350)
As at 31 March	154,706,861	135,159,493	62,461,833	53,700,578

21.3 An actuarial valuation of the employee retirement benefit liability scheme was carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd. as at 31 March 2017. The following assumptions were used for such valuation.

	Group 2017	2016
Method of actuarial valuation	Projected Unit Credit Method	Projected Unit Credit method
Discount rate	12.75%	11.5%
Future salary increases	9%+ Salary scales	8%+ Salary scales
Retirement age	55 Years	55 Years
Mortality table	A 67/70 Ultimate Mortality Table	A 67/70 Ultimate Mortality Table

21.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2017.

	Group			
	Discount Rate		Future Salary increment rate	
Sensitivity Level	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2017 - Impact on defined benefit obligation	(7,962,822)	8,915,364	9,878,637	(8,944,357)
2016 - Impact on defined benefit obligation	7,322,229	(8,244,416)	(9,086,627)	8,182,482

21.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the Defined Benefit Obligation.

Group		**Amounts Charged to Profit or Loss**			
	01 April 2016 Rs.	**Service Cost Rs.**	**Interest Cost Rs.**	**Sub Total included in Profit or Loss Rs.**	**Benefits Paid Rs.**
Defined Benefit Obligation Benefit Liability	135,159,493	15,850,984	12,935,672	28,786,656	(10,661,200)
	135,159,493	15,850,984	12,935,672	28,786,656	(10,661,200)
Company					
Defined Benefit Obligation Benefit Liability	53,700,578	5,010,092	6,175,566	11,185,658	(5,142,575)
	53,700,578	5,010,092	6,175,566	11,185,658	(5,142,575)

21.6 Following payments are expected from the defined benefit obligation on the future years

	Group 2017 Rs.	2016 Rs.	Company 2017 Rs.	2016 Rs.
Within the next 12 months	43,684,389	36,466,945	20,795,711	17,432,302
Between 13 to 36 months	22,739,097	17,251,862	5,225,957	6,708,897
Between 37 to 72 months	20,434,273	21,220,469	8,557,023	4,966,643
Beyond 72 months	67,849,102	60,220,217	27,883,142	24,592,736
	154,706,861	135,159,493	62,461,833	53,700,578

	Company	
	2017	2016
	Projected Unit Credit Method	Projected Unit Credit Method
	12.75%	11.5%
	9%+ Salary scales	8%+ Salary Scales
	55 Years	55 Years
	A 67/70 Ultimate Mortality Table	A 67/70 Ultimate Mortality Table

Company			
Discount Rate		Future Salary increment rate	
Increase	Decrease	Increase	Decrease
1%	1%	1%	1%
(3,219,416)	3,607,091	4,003,648	(3,623,477)
2,831,722	(3,193,013)	(3,536,338)	3,182,084

Remeasurement Gains/(Losses) in Other Comprehensive Income

Actuarial Changes arising form Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2017
Rs.	Rs.	Rs.	Rs.		
-	1,421,912	-	1,421,912	30,208,568	154,706,861
-	1,421,912	-	1,421,912	30,208,568	154,706,861
-	2,718,172	-	2,718,172	13,903,830	62,461,833
-	2,718,172	-	2,718,172	13,903,830	62,461,833

22. TRADE AND OTHER PAYABLES

		Group 2017 Rs	Group 2016 Rs	Company 2017 Rs	Company 2016 Rs
Trade Payables	- Related Parties (Note 22.1)	-	-	4,872,920	2,873,783
	- Others	334,718,979	453,878,526	100,451,858	107,578,025
Sundry Creditors including Accrued Expenses		238,845,359	192,828,711	12,997,035	40,953,804
Unclaimed Dividends		3,095,855	2,768,537	3,095,855	2,768,538
		576,660,193	649,475,774	121,417,668	154,174,150

22.1 Trade Payables to Group Companies

	Company 2017 Rs	Company 2016 Rs
Printcare Premedia Services Ltd	4,872,920	2,837,354
Printcare Packaging (Pvt) Ltd	-	36,429
	4,872,920	2,873,783

23. TAX PAYABLES

	Group 2017 Rs	Group 2016 Rs	Company 2017 Rs	Company 2016 Rs
Income Tax	30,087,135	31,451,147	9,877,849	17,826,587
Nation Building Tax	11,216,710	9,251,303	-	77,129
Value Added Tax	-	5,954,886	-	-
Dividend Tax	6,572,228	1,738,338	-	-
	47,876,073	48,395,674	9,877,849	17,903,716

24. SHARE-BASED PAYMENT SCHEME

Employee Share Trust Fund

Under the Employee Share Trust Fund (ESTF), senior managerial level staff of the Group were eligible for the allotment of trust shares upon completion of five consecutive years of service. Upon completion of fifteenth consecutive years of service, employees had the ownership of allotted shares. Employees received dividends, bonuses and share split entitlements, during fifth year to fifteenth year period. The exercise price of the such shares was equal to the market price of the underlying shares on the date of grant.

The fair value of the share options was estimated at the grant date based on market prices, taking into account the terms and conditions upon which those equity instruments were granted.

The Employee Share Trust Fund of Printcare was dissolved in September 2015 as per the requirement of section 5.6.10 of the listing rules of the Colombo Stock Exchange. 1,333,645 ordinary shares of Printcare PLC held by the trustees of the Share Trust Fund were Distributed to the employees of the Group as per the distribution list approved by the Securities and Exchange Commission of Sri Lanka.

Movements in the Year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2017 Number	2017 WAEP	2016 Number	2016 WAEP
As at 1 April	-	-	1,323,645	2.75
Granted during the year	-	-	(1,323,645)	(2.75)
Resignations During the year	-	-	-	-
As at 31 March	-	-	-	-

25. RELATED PARTY TRANSACTIONS

25.1 Transactions with Group Companies

Nature of Transactions	2017	2016
Company	**Rs.**	**Rs.**
Balance as at the Beginning of the Year	24,975,246	18,496,708
Sale of Goods	1,035,417	875,370
Purchase of Goods	(24,256,335)	(20,595,653)
Sale of Property, Plant and Equipment	-	27,384
IT Service Charge	10,028,844	9,310,476
Reimbursement of Staff Related Expenses	138,963,905	134,094,828
Reimbursement of Utility charges and other expenses	23,726,347	20,171,283
Value Added Tax	16,947,323	13,157,583
Nation Building Tax	203,286	450,011
Rent	14,400,000	14,400,000
Share Transfer	114,345,000	-
Settlement	(382,321,878)	(218,531,104)
Currency Adjustment	288,824	1,049,895
Dividend Income	87,054,833	52,068,465
Balance as at the End of the Year	25,390,812	24,975,246

25.2 Transactions with Other Related Companies

Nature of Transactions	2017	2016
Group	**Rs.**	**Rs.**
Balance as at the Beginning of the Year	53,686,883	68,269,092
Sale of Goods	559,355,861	614,691,205
Purchase of Goods	(44,307,471)	(52,521,281)
Settlement of Dues	(493,736,875)	(577,731,329)
VAT & NBT	1,061,611	979,197
Balance as at the End of the Year	76,060,008	53,686,883
Company		
Balance as at the Beginning of the Year	10,070,923	11,204,439
Sale of Goods	145,832,615	168,448,047
Purchase of Goods	(6,500,047)	(4,262,119)
Settlement of Dues	(143,004,844)	(165,979,639)
VAT & NBT	1,019,095	660,195
Balance as at the End of the Year	7,417,742	10,070,923

Other Related Companies include :

Ceylon Tea Services PLC, Packages Lanka (Pvt) Ltd., Hemsons International (Pvt) Ltd., Hemas Manufacturing (Pvt) Ltd., Hemas Hospitals (Pvt) Ltd., MJF Exports (Pvt) Ltd., Renuka Hotels Ltd., Renuka City Hotels PLC, Mountainview Hotels (Pvt) Ltd., Diethelm Travel Lanka (Pvt) Ltd. & Janasakthi Genaral Insurance Ltd, Royal-Pac Labels Lanka (Pvt) Ltd., ,Saboor Chatoor (Pvt) Ltd. and Midaya Packaging Industries (Pvt) Ltd.

25.3 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.

a) **Key Management Personnel Compensation**	**Group**		**Company**	
	2017	**2016**	**2017**	**2016**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Short Term Employee Benefits	61,072,348	57,226,400	22,723,530	21,832,339
Long Term Employee Benefits	22,019,668	19,053,001	12,506,919	11,573,630
	83,092,016	76,279,401	35,230,449	33,405,969

25.4 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

26. COMMITMENTS AND CONTINGENCIES

26.1 Financial Commitment

There were no financial commitments as at the reporting date.

26.2 Contingencies

a) The Group and the Company have provided bank guarantees and bid bonds to suppliers, Sri Lanka Customs Department and group companies in the course of carrying out business and as at the reporting date and such outstanding guarantees and bonds amounted to Rs 48.9 Mn (2016 - Rs.45.7 Mn) and Rs. 0.09 Mn (2016 - Rs.0.09 Mn) respectively.

b) A contingent liability exists in respect of a case bearing No: DPA 31/2008, filed in the District Court of Colombo where Printcare PLC has been made a party as 21st defendant. The Company lawyers have not adviced any unasserted claims and assessments which need to be provided for.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of assets	Nature of Liability	Carrying Amount 2017 Rs.	Carrying Amount 2016 Rs.	Included under
Printcare PLC				
Land & Building and Plant & Machinery	Primary Mortgage for Loans and Borrowings	130,000,000	283,330,231	Property, Plant & Equipment Investment Property
Printcare Universal (Pvt) Ltd.				
Land & Building and Plant & Machinery	Primary Mortgage for Loans and Borrowings	1,139,179,972	1,218,886,890	Property, Plant & Equipment
Printcare Packaging (Pvt) Ltd.				
Land & Building and Plant & Machinery	Primary Mortgage for Loans and Borrowings	380,480,369	295,232,443	Property, Plant & Equipment Investment Property
Printcare Secure Ltd.				
Plant & Machinery	Loans and Borrowings	30,498,208	67,637,364	Property, Plant & Equipment
Printcare Premedia Services Ltd.				
Inventories	Loans and Borrowings	58,531,890	105,672,289	Inventories
Trade Receivables	Loans and Borrowings	51,636,968	72,033,969	Trade and Other Receivables
Printcare India (Pvt) Ltd				
Land & Building and Plant & Machinery	Loans and Barrowings	116,475,835	117,746,424	Property, Plant & Equipment

28. EVENTS AFTER THE REPORTING PERIOD

Printcare PLC has made an investment amounting to Rs. 674,038,119 on plant and machinery, during the first quarter of the 2017/18 financial year.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Introduction

Risk is inherent in the Group's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors of the Group places special consideration on the management of such risks. The Group is mainly exposed to;

a. Market risk
b. Liquidity Risk
c. Credit Risk
d. Capital Management

29.1.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and available-for-sale investments.

Financial risk management is carried out by Printcare PLC and its subsidiaries under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Commodity Price Risk

The entity is affected by the availability & price of certain commodities. The main impact for Printcare PLC and its subsidiaries is from imported raw materials. The imported raw material price risk is mitigated by centralizing the purchases and continuously seeking alternative suppliers.

Interest Rate Risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest. The entity exposure to interest rate risk is minimized by maintaining an appropriate mix between Rupee borrowings & Dollar borrowings and by looking for the cheapest sources of funds.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

Year	Increase/ (decrease) in basis points	Effect on profit before tax
		RS.
2017	+ 100-150 basis points	(4,937,785)
	- 100-150 basis points	4,937,785
2016	+ 100-150 basis points	(7,307,248)
	- 100-150 basis points	7,307,248

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as LIBOR, SLIBOR, AWPLR.

Foreign Currency Risk

Exchange risk arises out of the commercial transactions that the entity enters into outside Sri Lanka. The Company has a natural hedging by way of its operational transactions as the inflow of foreign currency through export/indirect export sales off sets the import cost.

The following table demonstrates the sensitivity of net operating cash flows to a reasonably possible change of such underlying foreign currencies (EUR, GBP, USD & AUD).

Exchange rate risk is against the above identified currency, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material except to the below mentioned currencies.

Foreign Currency	2017				2016			
	Change in exchange rate	Effect on Profit Before Tax (Rs.'000)	Change in exchange rate	Effect on Profit Before Tax (Rs.'000)	Change in exchange rate	Effect on Profit Before Tax (Rs.'000)	Change in exchange rate	Effect on Profit Before Tax (Rs.'000)
EUR	1%	(2,036)	-1%	2,036	1%	(2,075)	-1%	2,075
GBP	1%	3,232	-1%	(3,232)	1%	4,091	-1%	(4,091)
USD	1%	(3,736)	-1%	3,736	1%	1,726	-1%	(1,726)
AUD	1%	(302)	-1%	302	1%	(534)	-1%	534

Equity Price Risk

The key objectives of the entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders.

During the past years the Management has tried its best to maintain a steady percentage of payout as dividend.

29.1.2 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet to repay its financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Printcare PLC and its subsidiaries aim to maintain flexibility within the funding structure through the use of bank overdrafts, short term loans, letters of credit & guarantees.

The Group also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

The Group's objectivity is to maintain a balance between continuity of funding and flexibility through the use of multiple source of funding including bank loans and overdrafts.

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances	327,201,924	179,075,922	191,259,099	57,907,248
Total Liquid assets	327,201,924	179,075,922	191,259,099	57,907,248
Borrowings				
Current Portion Of Borrowings	(1,068,587,024)	(598,015,898)	(148,653,981)	(53,899,985)
Bank Overdrafts	(62,913,481)	(66,750,233)	(13,399,301)	(13,616,392)
Total liabilities	(1,131,500,505)	(664,766,131)	(162,053,282)	(67,516,377)
Net (debt)/cash	(804,298,581)	(485,690,209)	29,205,817	(9,609,129)

29.1.2.1 Liquidity Risk Management

The Group attempts to match cash outflows in each time bucket against a combination of operational cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowing.

Maturity Analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2017 based on contractual undiscounted payments.

Group	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current potion of interest bearing Borrowings	-	142,246,883	59,744,620	51,811,678	23,803,880	3,656,025	281,263,086
Trade and other payables	576,660,193	-	-	-	-	-	576,660,193
Current portion of interest bearing Borrowings	1,068,587,025	-	-	-	-	-	1,068,587,025
Bank overdrafts	62,913,481	-	-	-	-	-	62,913,481
Total	1,708,160,698	142,246,883	59,744,620	51,811,678	23,803,880	3,656,025	1,989,423,784

Company	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current potion of interest bearing Borrowings	-	-	-	-	-	-	-
Trade and other payables	116,544,748	-	-	-	-	-	116,544,748
Amounts due to related parties	4,872,920	-	-	-	-	-	4,872,920
Current portion of interest bearing Borrowings	148,653,981	-	-	-	-	-	148,653,981
Bank overdrafts	13,399,301	-	-	-	-	-	13,399,301
Total	283,470,951	-	-	-	-	-	283,470,951

29.1.3 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks.

The Group minimises its credit risk towards its customers by having agreements with customers and having a regular follow up of the debt collections.

29.1.3.1 Credit Risk Exposure

The maximum risk positions of trade and other receivables which are generally subject to credit risks are equal to their carrying values. Refer note 14.4 for age analysis of trade receivables as at 31 March.

29.1.3.2 Credit Risk relating to Cash and Cash Equivalents

In order to mitigate settlements and operational risk related to cash and cash equivalents, the Group and Company use several banks with acceptable credit ratings. The Group and Company held favourable cash and cash equivalents of Rs.327,201,924/- and Rs.191,259,099/- respectively. (Group 2016- Rs.179,075,922/- Company 2016 - Rs.57,907,248/-)

29.1.4 Capital Management

The Board of Directors reviews the capital structures of the Group on a regular basis. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interests.

DECADE AT A GLANCE

TRADING RESULTS (Rs.'000)	2017	2016
Turnover	4,889,545	5,165,086
Profits before Interest and Income Tax	376,737	481,962
Profits before Income Tax	309,156	424,994
Profits attributable to equity shareholders (refer note 1)	213,474	313,993
Ordinary Dividend - Gross	157,597	107,707
Cash from Operations	397,029	739,997
SHAREHOLDERS' FUNDS (Rs. '000)		
Share Capital	271,893	271,893
Reserves	2,618,175	2,544,237
	2,890,068	2,816,130
Minority Interest	141,892	129,955
TOTAL EQUITY	3,031,960	2,946,085
ASSETS (Rs.'000)		
Property, Plant & Equipment *	2,656,079	2,608,322
Intangible Assets	56,763	56,649
Available for Sale Investments	43,399	40,616
Investment in Associates	10,480	3,384
Deferred Tax Asset	1,494	1,578
Current Assets	2,720,958	2,313,792
LIABILITIES (Rs. '000)	2,457,212	2,078,256
Non Current Liabilities	701,175	715,619
Current Liabilities	1,756,037	1,362,638
NET ASSETS	3,031,960	2,946,085
KEY RATIOS		
Return on Average Total Capital (%) (refer note 2)	9.0%	12.2%
Return on Average Shareholders Funds (%)	7.5%	11.6%
Gearing	31.8%	25.2%
Gross Profit Margin (%)	23.3%	24.2%
PBIT Margin (%)	7.7%	9.3%
PAT Margin (%)	4.9%	6.7%
MARKET INFORMATION		
Market Price Per Share at the year end (Rs.)	35	38
No. of Shares	85,967	85,967
Dividend Payments Rs.' 000s (Gross)	141,845	98,862
Market Capitalisation (Rs.'000)	2,974,447	3,301,120
Earnings Per Share (Rs) (refer note 3)	2.48	3.68
Dividends Per Share (Rs) (refer note 3 & 4)	1.65	1.15
NAV Per Share (Rs) (refer note 3)	33.62	33.01

* Real Estate Portfolio

Ownership	Location	Extent in Acres	No. of Buildings	Market Value
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

(Based on the May 2011 valuation report)

2015	2014	2013	2,012	2011	2010	2009	2008
5,051,312	4,344,403	3,841,980	3,269,766	3,446,702	2,895,200	3,122,950	2,939,324
450,508	414,017	393,901	310,611	336,609	258,957	310,579	340,797
376,294	358,143	309,017	239,139	259,058	123,721	84,171	131,781
241,042	312,970	264,053	235,464	206,587	85,772	60,805	86,087
86,588	78,845	70,209	71,938	60,177	17,193	34,386	17,193
305,522	570,480	492,826	430,742	335,084	514,127	646,131	359,783
271,893	271,893	271,893	271,893	271,893	271,893	271,893	271,893
2,325,952	2,161,449	1,937,981	1,740,624	1,580,498	602,062	537,724	526,413
2,597,845	2,433,342	2,209,874	2,012,517	1,852,391	873,955	809,617	798,306
105,625	78,619	83,189	71,839	66,870	44,409	54,506	47,407
2,703,470	2,511,961	2,293,063	2,084,357	1,919,261	918,364	864,123	845,713
2,712,101	2,219,948	2,021,699	1,933,618	1,953,546	935,980	1,094,574	1,130,300
47,168	39,512	27,851	3,328	9,001	-	-	-
37,337	32,778	31,180	28,610	30,532	22,226	22,226	22,226
5,520							
2,140	3,756	6,235	4,368	2,045	3,253	2,834	-
2,227,436	2,064,861	1,566,023	1,467,235	1,419,788	1,189,492	1,090,577	1,301,349
2,328,231	1,848,894	1,359,924	1,352,803	1,495,651	1,232,587	1,346,088	1,608,162
819,632	484,786	351,204	329,407	408,433	300,959	420,227	493,822
1,508,599	1,364,107	1,008,720	1,023,396	1,087,218	931,628	925,861	1,114,339
2,703,470	2,511,961	2,293,063	2,084,357	1,919,261	918,364	864,123	845,713
12.5%	13.4%	13.9%	11.4%	15.6%	15.1%	16.5%	18.9%
9.6%	13.5%	12.5%	12.2%	15.2%	10.2%	7.6%	11.3%
31.7%	23.4%	21.0%	24.2%	28.7%	43.1%	52.2%	56.8%
22.5%	22.9%	24.6%	23.8%	23.9%	24.7%	26.1%	26.4%
8.9%	9.5%	10.3%	9.5%	9.8%	8.9%	9.9%	11.6%
5.4%	7.5%	7.2%	7.3%	6.1%	3.1%	2.2%	2.8%
37	29	28	31	128	85	50	63
85,967	85,967	85,967	85,967	17,193	17,193	17,193	17,193
81,668	77,370	68,773	73,072	60,177	33,993	34,387	17,193
3,180,767	2,510,227	2,407,067	2,664,967	2,193,827	1,461,405	863,948	1,083,159
2.85	3.70	3.12	2.78	2.40	1.00	0.71	1.00
0.95	0.90	0.80	0.85	0.70	0.20	0.40	0.20
30.69	28.75	26.11	23.78	21.55	10.17	9.42	9.29

(1) Excludes Profit / Loss attributable to Minority Interest
(2) PBIT / Avg. (Total Debt + Total Equity)
(3) Comparatives restated to reflect the impact of the share split of 1:5 in financial year 2011/12.
(4) Dividends paid during the Financial Year
(5) Based on Trailing Twelve Months Earnings

INFORMATION TO THE SHAREHOLDERS AND INVESTORS

Analysis of Shareholders According to the No of Shares[Local/Foreign] as at 31 March 2017

Description	Local Holders	Foreign Holders	Local shares	Foreign Shares	Local %	Foreign %
1 To 1000 Shares	762	4	368,610	1,270	0.43	0.00
1001 To 10000 Shares	127	3	483,949	13,877	0.56	0.02
10001 To 100000 Shares	36	3	1,479,741	95,037	1.72	0.11
100001 To 1000000 Shares	8	1	2,493,098	208,000	2.90	0.24
OVER 1000000	11	0	80,823,088	0	94.01	0.00
	944	11	85,648,486	318,184	99.63	0.37

Analysis of Shareholders According to the No of Shares[Local/Foreign] as at 31 March 2016

Description	Local Holders	Foreign Holders	Local shares	Foreign Shares	Local %	Foreign %
1 To 1000 Shares	754	3	371,514	1,170	0.43	0.00
1001 To 10000 Shares	124	3	476,506	14,040	0.55	0.02
10001 To 100000 Shares	38	3	1,557,128	95,037	1.81	0.11
100001 To 1000000 Shares	8	1	2,493,098	186,000	2.90	0.22
OVER 1000000	11	-	80,772,177	-	93.96	0.00
	935	10	85,670,423	296,247	99.66	0.34

Top 20 Shareholders as at		31 March 2017		31 March 2016	
		Shares	Percentage	Shares	Percentage
1	M J F Holdings Ltd	23,100,080	26.87	23,100,080	26.87
2	Dr. T. Senthilverl	20,513,859	23.86	20,467,948	23.81
3	Mr. K. R. Ravindran	17,906,190	20.83	17,906,190	20.83
4	Mr. A. N. Esufally	3,903,330	4.54	3,903,330	4.54
5	Mr. S. Nadesan	3,600,000	4.19	3,600,000	4.19
6	M J F Exports Ltd	2,615,160	3.04	2,615,160	3.04
7	Mr. K. R. Ravindran (Jnr)	2,576,335	3.00	2,571,335	2.99
8	Saboor Chatoor (Pvt) Ltd	2,156,000	2.51	2,156,000	2.51
9	Mr. M. F. Hashim	1,837,874	2.14	1,837,874	2.14
10	Mr. G. S. Chatoor	1,447,000	1.68	1,447,000	1.68
11	Mr. D. Warnakulasooriya	1,167,260	1.36	1,167,260	1.36
12	Lloyd and Lloyd Ltd	486,600	0.57	486,600	0.57
13	Ms. P. Ravindran	462,330	0.54	462,330	0.54
14	Mr. E. Chatoor	433,500	0.50	433,500	0.50
15	Mrs. N. Chatoor	433,500	0.50	433,500	0.50
16	Mr. A. Chatoor	433,500	0.50	433,500	0.50
17	Mr. J. W. Burton	208,000	0.24	186,000	0.22
18	Mrs. S. T. Fernando	131,168	0.15	131,168	0.15
19	A Z Holdings (Pvt) Ltd	112,500	0.13	112,500	0.13
20	Mr. A. Sithampalam	85,509	0.10	85,509	0.10
		83,609,695	97.25	83,536,784	97.17

Number of Public Shareholders as at 31st March 2017 - 946
Percentage of Shares held by Public as at 31st March 2017 - 42.88%

NOTICE OF MEETING

Notice is hereby given that the Thirty Sixth Annual General Meeting of Printcare PLC will be held at the registered office of the Company at No. 77, Nungamugoda Road, Kelaniya on 2nd October 2017 , at 3.00 p.m. to transact the following business.

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2017 and Report of the Auditors thereon.

2. Re-Election of Directors in terms of Article No. 84 of the Articles of Association of the Company.

- Mr. A. N. Esufally, who retires by rotation as a Director being eligible has offered himself for re-election.
- Mr. E. Chatoor, who retires by rotation as a Director being eligible has offered himself for re-election.
- Ms. A. Coomaraswamy, who retires by rotation as a Director has offered herself for re-election.
- Mr. S.A. Mehdi, who retires by rotation as a Director has offered himself for re-election

3. Re-election of Directors in terms of section 211 of the Companies Act no 7 of 2007

- Mr. Merrill J. Fernando, who is 87 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 87 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 78 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 78 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.

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

5. To transact any other business of which due notice has been given.

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

Secretaries
Colombo
14 July 2017

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.

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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. A. Mehdi	or failing him

………

………

as my/our proxy to represent me/us, vote for me/us, and speak on my/our behalf at the 36th Annual General Meeting of the Company to be held on 2nd October 2017 and at any adjournment thereof.

Signed this ……………………….. day of ……………………………… 2017.

....
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.