MULTI COLOR Corp
Form 10-K
June 14, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2013

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-16148

MULTI-COLOR CORPORATION

Incorporated in the	**IRS Employer Identification**
State of Ohio	**Number 31-1125853**
4053 Clough Woods Dr.	**Name of Each Exchange**
Batavia, OH 45103	**on Which Registered**
(Address of principal executive offices)	**NASDAQ Global Select Market**

(513) 381-1480

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, no par value

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K x.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates was approximately $186,879,000 based upon the closing price of $23.16 per share of Common Stock on the NASDAQ Global Select Market as of September 30, 2012, the last business day of the registrant s most recently completed second fiscal quarter.

As of May 31, 2013, 16,230,444 shares of no par value Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s proxy statement to be filed pursuant to Regulation 14A of the Exchange Act for its 2013 Annual Meeting of Shareholders to be held on August 21, 2013 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

The Company believes certain statements contained in this report that are not historical facts constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created by that Act. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed or implied. Any forward-looking statement speaks only as of the date made. The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which they are made.

Statements concerning expected financial performance, on-going business strategies, and possible future actions which the Company intends to pursue in order to achieve strategic objectives constitute forward-looking information. Implementation of these strategies and the achievement of such financial performance are each subject to numerous conditions, uncertainties and risk factors, including those contained in Item 1A in Risk Factors . Factors which could cause actual performance by the Company to differ materially from these forward-looking statements include, without limitation: factors discussed in conjunction with a forward-looking statement; changes in general economic and business conditions; the ability to consummate and successfully integrate acquisitions; ability to recognize the benefits of acquisitions, including potential synergies and cost savings; failure of an acquisition or acquired company to achieve its plans and objectives generally; risk that proposed or consummated acquisitions may disrupt operations or pose difficulties in employee retention or otherwise affect financial or operating results; ability to manage foreign operations; currency exchange rate fluctuations; the success and financial condition of the Company s significant customers; competition; acceptance of new product offerings; changes in business strategy or plans; quality of management; the Company s ability to maintain an effective system of internal control; availability, terms and development of capital and credit; cost and price changes; raw material cost pressures; availability of raw materials; ability to pass raw material cost increases to its customers; business abilities and judgment of personnel; changes in, or the failure to comply with, government regulations, legal proceedings and developments; risk associated with significant leverage; increases in general interest rate levels affecting the Company s interest costs; ability to manage global political uncertainty; and terrorism and political unrest. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I

ITEM 1. BUSINESS

(In thousands, except for statistical data)

OVERVIEW

Multi-Color Corporation (Multi-Color, MCC, We, Us, Our or the Company), headquartered in Cincinnati, Ohio, is a leader in global label solutions supporting a number of the world s most prominent brands including leading producers of home & personal care, wine & spirit, food & beverage, healthcare and specialty consumer products. MCC serves international brand owners in North, Central and South America, Europe, Australia, New Zealand, South Africa and China with a comprehensive range of the latest label technologies in Pressure Sensitive, Glue-Applied (Cut and Stack), In-Mold, Shrink Sleeve and Heat Transfer.

The Company was incorporated in 1985, succeeding the predecessor business. Our corporate offices are located at 4053 Clough Woods Drive, Batavia, Ohio 45103 and our telephone number is (513) 381-1480.

Our common stock, no par value, is listed on the NASDAQ Global Select Market under the symbol LABL . See Item 5 Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. We maintain a website (www.mcclabel.com) which includes additional information about the Company. The website includes corporate governance information for our shareholders and our Code of Ethics can be found under the corporate governance section. Information on the website is not part of this Form 10-K. Shareholders can also obtain on and through our website, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after the Company electronically files such materials with or furnishes such materials to the Securities and Exchange Commission (SEC). Any of these documents may be read and copied at the SEC s Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information regarding the operation of the SEC Public Reference Room may be obtained by calling 1-800-SEC-0330. The Company s filed documents may also be accessed via the SEC Internet site at http://www.sec.gov.

PRODUCTS AND SERVICES

The Company provides a wide range of products for the packaging needs of our customers and is one of the world s largest producers of high quality pressure sensitive, in-mold and heat transfer labels, and a major manufacturer of glue-applied and shrink sleeve labels. The Company also provides a full complement of print methods including flexographic, lithographic, rotogravure and digital, plus in-house pre-press services.

Pressure Sensitive Labels:

Pressure sensitive labels adhere to a surface with pressure. The label typically consists of four elements a substrate, which may include paper, foil or plastic; an adhesive, which may be permanent or removable; a release coating; and a backing material to protect the adhesive against premature contact with other surfaces. The release coating and protective backing are removed prior to application to the container, exposing the adhesive, and the label is pressed or rolled into place. Innovative features of this product include promotional neckbands, peel-away coupons, resealable labels, see-through window graphics, and holographic foil enhancements to cold and hot foil stamping.

The pressure sensitive market is the largest category of the overall label market and represents a significant growth opportunity. Our strategy is to be a premier global supplier of pressure sensitive labels that demand high impact graphics or are otherwise technically challenging.

In-Mold Labels:

The in-mold label (IML) process applies a label to a plastic container as the container is being formed in the mold cavity. The finished IML product is a finely detailed label that performs consistently well for plastic container manufacturers and adds marketing value and product security for consumer product companies.

Each component of the IML production process requires a special expertise for success. The components include the substrate (the base material for the label), inks, overcoats, varnishes and adhesives. We are unique in the industry in that we manufacture IMLs on rotogravure, flexographic and lithographic printing presses. There are several critical characteristics of a successful IML: the material needs a proper coefficient of friction so that the finished label is easily and consistently picked up and applied to the blow-molded container, the substrate must be able to hold the label s inks, including metallics and fluorescents, overlay varnishes and adhesives and the material must be able to lay smoothly, without wrinkle or bulge, when applied to a very hot, just molded plastic container that will quickly shrink, along with the label, as its temperature falls. We continually search for alternate substrates to be used in the IML process in order to improve label performance and capabilities as well as to reduce substrate costs. Technical innovations in this area include the use of peel-away IML coupons, scented and holographic labels.

Glue-Applied Labels (Cut and Stack):

Glue-applied labels are adhered to containers using an adhesive applied during the labeling process. Available in roll-fed and sheeted formats, the labels are an attractive and cost-effective choice for high volume applications. These labels can be produced on a wide variety of substrates and accommodate a comprehensive range of embellishments including foil stamping, embossing, metallics and unique varnish finishes.

Our innovations within glue-applied labels include peel-away promotional labels, thermochromics, holographics and metalized films. We also offer promotional products such as scratch-off coupons, static-clings and tags.

Heat Transfer Labels (HTL):

HTL are reverse printed and transferred from a special release liner onto the container using heat and pressure. The labels are a composition of inks and lacquers tailored to the customer s specific needs. These labels are printed and then shipped to blow molders and/or contract decorators who transfer the labels to the containers. Once applied, the labels are permanently adhered to the container. The graphics capabilities include fine vignettes, metallic and thermochromatic inks, as well as the patented frost , giving an acid-etch appearance.

Therimage is our pioneer heat transfer label technology developed primarily for applications involving plastic containers serving consumer markets in personal care, home improvement products, food and beverage, and health and beauty. The addition of the Clear ADvantage brand provides premium graphics on both glass and plastic containers enabling this decorating technology to achieve the highly sought after no label look for the health and beauty aid, beverage, personal care, household chemical and promotional markets. Most recently, we have added the new ink only and flameless HTL technology to our capabilities in this area. Flameless technology enables us to provide a solution to customers who want to remove open flames from their operations, which are normally required to pre-treat and post-treat containers for Therimage and Clear ADvantage products. Flameless technology has applications in all the aforementioned markets.

Shrink Sleeve Labels:

Shrink sleeve labels are produced in colorful, cutting edge styles and materials. The labels are manufactured as sleeves, slid over glass or plastic bottles and then heated to conform precisely to the contours of the container. The 360-degree label and tamper resistant feature of the label are marketing advantages that many of our customers seek when choosing this label type.

The shrink sleeve market is a growing decorating technology as consumer product companies look for ways to differentiate their products. Several markets, such as the beverage market within the consumer goods industry, have adopted this decorating technology. Demand for this label solution in the food and personal care markets continues to grow and should broaden the sales opportunities for shrink sleeve labels.

Graphic Services:

We provide graphics and pre-press services for our customers at all of our manufacturing locations. These services include the conversion of customer digital files and artwork into proofs, production of print layouts and printing plates, and product mock ups and samples for market research.

As a result of these capabilities, we are able to go from concept to printed label, thus increasing our customers speed to market and further enhancing our value proposition.

RESEARCH AND DEVELOPMENT

Our product leadership group focuses on research and development, product commercialization and technical service support. The group includes chemical, packaging and field engineers who are responsible for developing and commercializing innovative label and application solutions. Technical service personnel also assist customers and manufacturers in improving container and label performance. The services provided by this group differentiate us from many of our competitors and drive our selection for the most challenging projects.

Our research and development expenditures were $3,763, $3,494 and $2,628 in 2013, 2012 and 2011, respectively.

SALES AND MARKETING

We provide a complete line of label solutions and a variety of technical and graphic services. Our vision is to be the premier global resource of decorating solutions. We sell to a broad range of consumer product, food, beverage and wine & spirit companies located in North, Central and South America, Europe, Australia, New Zealand, South Africa and China. Our sales strategy is a consultative selling approach. Our sales organization reviews the requirements of the container and offers a number of alternative decorating methods. Our customers view us as an expert source of materials, methods and technologies with the ability to offer the most cost effective solution.

We have continued to make progress in expanding our customer base and portfolio of products, services and manufacturing locations in order to address issues related to customer concentration. During 2013, 2012 and 2011, sales to major customers (those exceeding 10% of the Company s net revenues in one or more of the periods presented) approximated 15%, 14% and 16%, respectively, of the Company s consolidated net revenues. All of these sales were made to the Procter & Gamble Company. Since 2008, when the Company acquired Collotype International Holdings Pty. Ltd (Collotype) based in Adelaide, Australia, sales concentration with our major customers has been significantly reduced. The acquisition of Collotype diversified our customer base into new product markets, primarily wine & spirit, and new geographic regions, primarily Australia and South Africa. We continued the diversification into Europe with the acquisitions of Guidotti CentroStampa, Monroe Etiquette, La Cromografica and Warszawski Dom Handlowy with manufacturing plants in Italy, France and Poland. The acquisition of York Label Group, with manufacturing plants in the United States, Canada and

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Chile expanded sales with existing customers as well as added customers from a wide spectrum of markets including consumer products, food & beverage, pharmaceutical and wine & spirit. In fiscal 2013, we entered the Scottish wine & spirit market with the acquisition of Labelgraphics (Holdings) Ltd. in Glasgow, Scotland.

PRODUCTION AND QUALITY

To guarantee consistent quality results, all of our decorating services are backed by aggressively implemented and administered quality programs and qualified technical support staff. Our certified ISO 9001 quality assurance program ensures excellence in every label.

Multi-Color s comprehensive range of printing technologies facilitates our ability to respond quickly and effectively to changing customer needs. Our current printing technologies include rotogravure, lithographic, flexographic, letterpress and digital. Pre-press technology offerings include color separations, color management programs and in-house platemaking and tooling.

Our manufacturing operations involve complex processes and utilize factory automation to produce a consistent, high quality label. We employ state of the art technologies including digital platemaking and automated vision inspection systems complemented by a robust systemic quality management system.

EMPLOYEES

As of March 31, 2013, we had approximately 2,800 employees. Of the total employees, 63 are represented by the Graphics Communications Conference of the International Brotherhood of Teamsters Local 77P in the U.S. The related labor contracts with this union expire in July 2013 and June 2017, respectively. We also have three union agreements in Canada representing 56 employees; two Teamsters/Graphic Communications Conference, Local Union 555Ms, which expire in September 2013 and July 2016, respectively, and the Workers Union of Les Graphiques Corpco (CSN), which expires in January 2015. We consider our labor relations to be good and have not experienced any work stoppages during the previous decade. Our human resource and compensation systems have been developed to align our objectives with the goals of our shareholders.

RAW MATERIALS

Common to the printing industry, we purchase proprietary products from a number of raw material suppliers. To prevent potential disruptions to our manufacturing facilities, we have developed relationships with more than one supply source for each of our critical raw materials. Our raw material suppliers are major corporations with successful historical performance. Although we intend to prevent any long-term business interruption due to our inability to obtain raw materials, there could be short-term manufacturing disruptions during the customer qualification period for any new raw material source.

ACQUISITIONS

We are continually in pursuit of selective acquisitions that will contribute to our growth. We believe that acquisitions are a method of increasing our presence in existing markets, expanding into new markets, gaining new customers and product offerings and improving operating efficiencies through economies of scale. Through acquisitions, we intend to broaden our revenue stream by expanding our lines of innovative label solutions, offering a variety of technical and graphic services and fulfilling the specific needs and requirements of our customers. The printing and packaging industry is highly fragmented and offers many opportunities for acquisitions.

On July 1, 2010, we acquired Guidotti CentroStampa (CentroStampa), a leading European wine & spirit and olive oil label specialist based in Tuscany, Italy. The acquisition expanded MCC s global presence into the European wine & spirit label market and provided an entry into the olive oil label market.

On October 1, 2010, we acquired Monroe Etiquette, a French wine label specialist based in Montagny, France. The acquisition reinforced MCC s commitment to expanding its global presence in the wine label market.

During the third quarter of fiscal 2011, we announced plans to invest in establishing label operations in China. The operations, which are located in the major southern city of Guangzhou, became fully operational in the first quarter of fiscal 2012 and serves the Chinese consumer products market.

On April 1, 2011, we acquired La Cromografica, an Italian wine label specialist located in Florence, Italy. La Cromografica specializes in high quality wine labels for Italian premium wines and provides further access to the Italian wine label market.

On May 2, 2011, we acquired 70% ownership in two label operations in Latin America; one in Santiago, Chile and the other in Mendoza, Argentina. These label operations focus on providing premium labels to the expanding Latin American wine & spirit markets. In September 2011, the Company bought the regional partner s 30% ownership interest in the two label operations in Latin America for 40 shares of Multi-Color common stock. As a result, MCC now owns 100% of the acquired label operations in Chile and Argentina. During the fourth quarter of fiscal 2012, our Santiago operations were merged into the Chilean operations acquired as part of the York Label Group acquisition.

On July 1, 2011, the Company acquired Warszawski Dom Handlowy (WDH), a consumer products and spirit label company located in Warsaw, Poland. WDH supplies a number of large consumer products companies and international brand owners in home & personal care markets, consistent with MCC s large customers in the U.S.

On October 3, 2011, the Company acquired York Label Group (York), including its joint venture in Santiago, Chile. York, which was headquartered in Omaha, Nebraska, is a leader in the home & personal care, food & beverage and wine & spirit label markets with manufacturing facilities in the U.S., Canada and Chile. The acquisition strengthened Multi-Color s presence in its core markets through the combination of the Company s existing customer relationships with York s customer base.

On April 2, 2012, the Company acquired Labelgraphics (Holdings) Ltd. (Labelgraphics), a wine & spirit specialist located in Glasgow, Scotland. The acquisition expanded MCC s global presence in the wine & spirit label market, particularly in the United Kingdom.

See Note 16 to our consolidated financial statements for geographic information relating to our net revenues and long-lived assets. See Note 3 to our consolidated financial statements for further information regarding the CentroStampa, Monroe Etiquette, La Cromografica, Chile and Argentina, WDH, York and Labelgraphics acquisitions.

COMPETITION

We have a large number of competitors in the pressure sensitive and glue-applied label markets and several competitors in each of the IML, shrink sleeve and HTL markets. Some of these competitors in the pressure sensitive and glue-applied label markets have greater financial and other resources than us. The competitors in IML, shrink sleeve and HTL markets are either private companies or subsidiaries of public companies and we cannot assess the financial resources of these organizations. We could be adversely affected should a competitor develop labels similar or technologically superior to our labels. We believe competition is principally dependent upon product performance, service, pricing, technical support and innovation.

PATENTS AND LICENSES

We own a number of patents and patent applications in the U.S., Australia, South Africa and the European Union that relate to the products and services we offer to our customers. Although these patents are important to us, we are not dependent upon any one patent. We believe that these patents, collectively, along with our ability to be a single source provider of many packaging needs, provide us with a competitive advantage over our competition. The expiration or unenforceability of any one of our patents would not have a material adverse effect on us.

REGULATION

Our operations are subject to regulation by federal, state and foreign (Australia, South Africa, Italy, France, China, South America, Poland, Canada and Scotland) environmental protection agencies. To ensure ongoing compliance with these requirements, we have implemented an internal compliance program. Additionally, we continue to make capital investments to maintain compliance with these environmental regulations and to improve our existing equipment. However, there can be no assurances that these regulations will not require expenditures beyond those that are currently anticipated.

In the U.S., the Food and Drug Administration regulates the raw materials used in labels for various products. These regulations apply to the consumer product companies for which we produce labels. We use materials specified by the consumer product companies in producing labels.

ITEM 1A. RISK FACTORS
(In thousands)

In addition to the other information set forth in this report, the following factors could materially affect the Company s business, financial condition, cash flows or future results. Any one of these factors could cause the Company s actual results to vary materially from recent results or from anticipated future results. The risks described below are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect the Company s business, financial condition and/or operating results.

Risks Relating to Our Business

Raw material cost increases or shortages could adversely affect our results of operations and cash flows.

As a member of the print industry, our sales and profitability are dependent upon the availability and cost of various raw materials, which are subject to price fluctuations, and the ability to control the fluctuating costs of raw materials, pass on any price increases to our customers or find suitable alternative suppliers. If we are unable to effectively manage these costs or improve our operating efficiencies, or if adverse developments arise concerning certain key raw material vendors, such as disruptions in their productions or lack of availability of the raw materials we need from them, or our relationships with them, our profit margin may decline, especially if the inflationary conditions that have occurred in these markets in the recent past continue to occur.

We face risks related to interruption of our operations and lack of redundancy.

Our production facilities, websites, transaction processing systems, network infrastructure, supply chain and customer service operations may be vulnerable to interruptions, and we do not have redundancies in all cases to carry on these operations in the event of an interruption. Specifically, the long-term shutdown of our printing presses or malfunctions experienced with our presses could negatively impact our ability to fulfill customers orders and on-time delivery needs and adversely impact our operating results and cash flows. We have not identified alternatives to all of our facilities, systems, supply chains and infrastructure, including production, to serve us in the event of an interruption, and if we were to find alternatives, they may not be able to meet our requirements on commercially acceptable terms or at all. In addition, we are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, and because many of the causes of system interruptions or interruptions of the production process may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. Any interruptions that cause any of our websites to be unavailable, reduce our order fulfillment performance or interfere with our manufacturing, technology or customer service operations could result in lost revenue, increased costs, negative publicity, damage to our reputation and brand, and an adverse effect on our business and results of operations.

Building redundancies into our infrastructure, systems and supply chain to mitigate these risks may require us to commit substantial financial, operational and technical resources, in some cases before the volume of our business increases with no assurance that our revenues will increase.

Various laws and governmental regulations applicable to a manufacturer or distributor of consumer products may adversely affect our business, results of operations and financial condition.

Our business is subject to numerous federal, state, provincial, local and foreign laws and regulations, including laws and regulations with respect to labor and employment, product safety, including regulations enforced by the United States Consumer Products Safety Commission, import and export activities, the Internet and e-commerce, antitrust issues, taxes, chemical usage, air emissions, wastewater and storm water discharges and the generation, handling, storage, transportation, treatment and disposal of waste materials, including hazardous materials. We routinely incur costs in complying with these regulations and, if we fail to comply, could incur significant penalties.

Although we believe that we are in substantial compliance with all applicable laws and regulations, because legal requirements frequently change and are subject to interpretation, we are unable to predict the ultimate cost of compliance or the consequences of non-compliance with these requirements, or the affect on our operations, any of which may be significant. If we fail to comply with applicable laws and regulations, we may be subject to criminal sanctions or civil remedies, including fines, injunctions, or prohibitions on importing or exporting. A failure to comply with applicable laws and regulations, or concerns about product safety, also may lead to a recall or post-manufacture repair of selected products, resulting in the rejection of our products by our customers and consumers, lost sales, increased customer service and support costs, and costly litigation. In addition, failure to comply with environmental requirements could require us to shut down one or more of our facilities. There is risk that any claims or liabilities, including product liability claims, relating to such noncompliance may exceed, or fall outside the scope of, our insurance coverage. Laws and regulations at the state, federal and international levels frequently change and the cost of compliance cannot be precisely estimated. Any changes in regulations, the imposition of additional regulations, or the enactment of any new governmental legislation that impacts employment/labor, trade, health care, tax, environmental or other business issues could have an adverse impact on our financial condition and results of operations.

If we fail to meet our customer expectations or to continue to develop and introduce new services and technologies successfully, our competitive positioning and our ability to grow our business could be harmed.

Quality issues discovered in our current products and services after shipment or performance may cause additional shipping costs, possible discounts or refunds, and potential loss of future sales, while issues discovered prior to shipping may cause delays and potentially cancelled orders. These quality issues could adversely affect our profitability as well as negatively impact our reputation. In addition, in order to remain competitive, we must continually invest in new technologies that will enable us to meet the evolving demands of our customers. We cannot guarantee that we will be successful in the introduction, marketing and adoption of any of our new products or services, or that we will develop and introduce in a timely manner innovative products and services that satisfy customer needs or achieve market acceptance. Our failure to develop new services and products and introduce them successfully could harm our competitive position and our ability to grow our business, and our revenues and operating results could suffer.

New developments in packaging could affect our profitability.

The packaging industry is constantly evolving based on both industry-member and consumer preferences, and to the extent that any such new developments result in a decrease in the utilization of labels, our profitability could be adversely affected.

We must be able to continue to effectively manage our growth and to execute our long-term growth strategy.

We have experienced significant and steady growth over the last several years. Our growth, in particular our recent acquisitions, combined with the geographical separation of our operations, has placed, and will continue to place, a strain on our management, administrative and operational infrastructure. Our ability to manage our operations and anticipated growth will require us to continue to refine our operational, financial and management controls, human resource policies, reporting systems and procedures in the locations in which we operate. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. If we are unable to manage expected future expansion, or if our long-term growth strategy is not successful, our ability to provide a high-quality customer experience could be harmed, which would damage our reputation and brand and substantially harm our business and results of operations. In addition, projections made by us in connection with forming our long-term growth strategy are inherently uncertain and based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future, many of which are beyond our reasonable control. These and various other factors may cause our actual results to differ materially from our projections.

We are subject to risks associated with our international operations.

We have operations in North, Central and South America, Europe, Australia, New Zealand, South Africa, and China and we intend to continue expansion of our international operations. As a result, our business is exposed to risks inherent in foreign operations. These risks, which can vary substantially by market, include the difficulties associated with managing an organization with operations in multiple countries, compliance with differing laws and regulations (including tax laws, regulations and rates), enforcing agreements and collecting receivables through foreign legal systems, restrictive actions by foreign governments, changes in economic conditions in each market, foreign customers who may have longer payment cycles than customers in the United States, the impact of economic, political and social instability of those countries in which we operate and acts of nature, such as typhoons, tsunamis, or earthquakes. The overall volatile economic environment has increased the risk of disruption and losses resulting from hyper-inflation, currency devaluation and tax or regulatory changes in certain countries in which we have operations. Approximately 34% of our sales were derived from our foreign operations (based on the country from which the product was shipped) during fiscal 2013.

We also face the challenges and uncertainties associated with operating in developing markets such as China, which may subject us to a relatively high risk of political and social instability and economic volatility, all of which are enhanced, in many cases, by uncertainties as to how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment.

We have risks related to continued uncertain global economic conditions and volatility in the credit markets.

During the past several years, domestic and international financial markets have experienced extreme disruption, including, among other things, extreme volatility in stock prices and severely diminished liquidity and credit availability. These developments and the related severe domestic and international economic downturn, have continued to adversely impact our business and financial condition in a number of ways, including effects beyond those that were experienced in previous recessions in the United States and foreign economies.

Global economic conditions also affect our customers businesses and the markets they serve, as well as our suppliers. Because a significant part of our business relies on our customers spending, a prolonged downturn in the global economy and an uncertain economic outlook has and could further reduce the demand for printing and related services that we provide to these customers. Economic weakness and constrained advertising spending have resulted, and may in the future result, in decreased revenue, operating margin, earnings and growth rates and difficulty in managing inventory levels and collecting accounts receivable. In particular, our exposure to certain industries currently experiencing financial difficulties and certain financially troubled customers could have an adverse effect on our results of operations. The current restrictions in financial markets and the severe prolonged economic downturn may adversely affect the ability of our customers and suppliers to obtain financing for operations and purchases and to perform their obligations under agreements with us. We also have experienced, and expect to experience in the future, operating margin declines in certain businesses, reflecting the effect of items such as competitive pricing pressures and inventory write-downs. Economic downturns may also result in restructuring actions and associated expenses and impairment of long-lived assets, including goodwill and other intangibles. Uncertainty about future economic conditions makes it difficult for us to forecast operating results and to make decisions about future investments.

Finally, economic downturns may affect one or more of our lenders ability to fund future draws on our Credit Facility or our ability to access the capital markets or obtain new financing arrangements that are favorable to us. In such an event, our liquidity could be severely constrained with an adverse impact on our ability to operate our businesses. Our ability to meet the financial covenants in the Credit Facility may also be affected by events beyond our control, including a further deterioration of current economic and industry conditions, which could negatively affect our earnings. If it is determined we are not in compliance with these financial covenants, the lenders under the Credit Facility will be entitled to take certain actions, including acceleration of all amounts due under the facility. If the lenders take such action, we may be forced to amend the terms of the credit agreement, obtain a waiver or find alternative sources of capital. Obtaining new financing arrangements or amending our existing one may result in significantly higher fees and ongoing interest costs as compared to those in our current arrangement.

Competition in our industry could limit our ability to retain current customers and attract new customers.

The markets for our products and services are highly competitive. We compete primarily based on the level and quality of customer service, technological leadership, product performance and price and the inability to successfully overcome competition in our business could have a material adverse impact on our operating results and cash flows. Some of our competitors have greater financial and other resources than us. We could face competitive pressure as a result of any of the following: our ability to continue to improve our service offerings and develop and integrate technological advances; new products developed by our competitors that are of superior quality, fit our customers needs better or have lower prices; patents obtained or developed by competitors; consolidation of our competitors; pricing pressures; loss of proprietary supplies of certain materials. The inability to successfully overcome competition in our business could have a material adverse impact on our operating results and cash flows.

Our business growth strategy involves the potential for significant acquisitions, which involve risks and difficulties in integrating potential acquisitions and may adversely affect our business, results of operations and financial condition.

All acquisitions involve inherent uncertainties, which may include, among other things, our ability to:

successfully identify targets for acquisition;

negotiate reasonable terms;

properly perform due diligence and determine all the significant risks associated with a particular acquisition;

properly evaluate target company management capabilities; and

successfully transition the acquired company into our business and achieve the desired performance.

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We may acquire businesses with unknown liabilities, contingent liabilities, or internal control deficiencies. We have plans and procedures to conduct reviews of potential acquisition candidates for compliance with applicable regulations and laws prior to acquisition. Despite these efforts, realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position through the initiation, pendency or outcome of litigation or otherwise, or cause us to fail to meet our public financial reporting obligations.

We have a history of making acquisitions and, over the past several years, have invested, and in the future may continue to invest, a substantial amount of capital in acquisitions. We continue to evaluate potential acquisition opportunities to support, strengthen and grow our business. Although we have completed many acquisitions, there can be no assurance that we will be able to locate suitable acquisition candidates, acquire possible acquisition candidates, acquire such candidates on commercially reasonable terms, or integrate acquired businesses successfully in the future. In addition, any governmental review or investigation of our proposed acquisitions, such as by the Federal Trade Commission, may impede, limit or prevent us from proceeding with an acquisition. Future acquisitions may require us to incur additional debt and contingent liabilities, which may adversely affect our business, results of operations and financial condition. The process of integrating acquired businesses into our existing operations may result in operating, contract and supply chain difficulties, such as the failure to retain customers or management personnel. Such difficulties may divert significant financial, operational and managerial resources from our existing operations, and make it more difficult to achieve our operating and strategic objectives.

We may not realize the anticipated benefits of our recent acquisitions.

Our expectations regarding the earnings, operating cash flow, capital expenditures and liabilities resulting from acquisitions recently completed are based on information currently available to us and may prove to be incorrect. Our inability to realize any of the anticipated benefits of an acquisition and to successfully integrate the acquired assets into our existing business will have an adverse effect on our financial condition.

Our debt instruments impose operating and financial restrictions on us and, in the event of a default, would have a material adverse impact on our business and results of operations.

As of March 31, 2013, our consolidated indebtedness, including current maturities of long-term indebtedness, was $402,856, which could have important consequences including the following:

- Increasing our vulnerability to general economic and industry conditions;
- Requiring a substantial portion of cash flows from operating activities to be dedicated to the payment of principal and interest on our indebtedness and, as a result, reducing our ability to use our cash flows to fund our operations and capital expenditures, pay dividends, capitalize on future business opportunities and expand our business;
- Exposing us to the risk of increased interest expense as certain of our borrowings are at variable rates of interest;
- Limiting our ability to obtain additional financing for working capital, capital expenditures, additional acquisitions and other business purposes; and
- Limiting our flexibility to adjust to changing market conditions and react to competitive pressures.

We may be able to incur additional indebtedness in the future, subject to the restrictions contained in our credit agreements. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our credit agreements contain covenants that limit our flexibility in operating our business.

The agreements governing our indebtedness contain various covenants that may adversely affect our ability to operate our business. Among other things, these covenants limit our ability to incur additional indebtedness; make certain investments or loans, transfer or sell certain assets, create or permit liens on assets and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

The agreements governing our indebtedness also require us to maintain (i) a minimum consolidated net worth, (ii) a maximum consolidated leverage ratio, which steps down incrementally during the term of the agreements; and (iii) a minimum consolidated interest charge coverage ratio.

Our ability to meet the financial ratios and tests contained in our credit agreements and other debt arrangements, and otherwise comply with debt covenants may be affected by various events, including those that may be beyond our control. Accordingly, we may not be able to continue to meet those ratios, tests and covenants. A significant breach of any of these covenants, ratios, tests or restrictions, as applicable, could result in an event of default under our debt arrangements, which would allow our lenders to declare all amounts outstanding to be immediately due and payable. If the lenders were to accelerate the payment of our indebtedness, our assets may not be sufficient to repay in full the indebtedness and any other indebtedness that would become due as a result of any acceleration. Further, as a result of any breach and during any cure period or negotiations to resolve a breach or expected breach, our lenders may refuse to make further loans, which would materially affect our liquidity and results of operations.

In the event we were to fall out of compliance with one or more of our debt covenants in the future, we may not be successful in amending our debt arrangements or obtaining waivers for any such non-compliance. Even if we are successful in entering into an amendment or waiver, we could incur substantial costs in doing so. It is also possible that any amendments to our Credit Facility or any restructured Credit Facility could impose covenants and financial ratios more restrictive than under our current facility. Any of the foregoing events could have a material adverse impact on our business and results of operations, and there can be no assurance that

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we would be able to obtain the necessary waivers or amendments on commercially reasonable terms, or at all.

We rely on several large customers and the loss of one of these customers would have a material adverse impact on our operating results and cash flows.

For the fiscal period ended March 31, 2013, one customer accounted for approximately 15% of our consolidated sales and our top twenty-five customers accounted for 55% of our consolidated sales. While we maintain sales contracts with certain of our largest customers, such contracts do not impose minimum purchase or volume requirements and these contracts require renewal on a regular basis in the ordinary course of business. Any termination of a business relationship with, or a significant sustained reduction in business received from, one or more of our largest customers could have a material adverse effect on our revenues and results of operations. The volume and type of services we provide all of our customers may vary from year to year and could be reduced if a customer were to change its outsourcing or print procurement strategy. We cannot guarantee that these contracts will be successfully renewed in the future. The loss or substantial reduction in business of any of our major customers could have a material adverse impact on our operating results and cash flows.

Our ability to develop and market new products is critical for maintaining growth.

Our success depends upon the timely introduction of new products as well as technological improvements to our current products. Research and development relies on innovation and requires anticipation of market trends. Accordingly, our ability to grow will depend upon our ability to keep pace with technological advances, industry evolutions and customer expectations on a continuing basis and to integrate available technologies and provide additional services commensurate with our customers needs. Our business may be adversely affected if we are unable to successfully identify, develop and sell new or improved products or keep pace with relevant technological and industry changes or if the technologies or business strategies that we adopt do not receive widespread market acceptance.

We are highly dependent on information technology. If our systems fail or are unreliable our operations may be adversely impacted.

The efficient operation of our business depends on our information technology infrastructure and our management information systems. In addition, production technology in the printing industry has continued to evolve specifically related to the pre-press component of production. Our information technology infrastructure and/or our management information systems are vulnerable to damage or interruption from natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, or other computer systems, Internet telecommunications or data network failures. Any significant breakdown, virus or destruction could negatively impact our business. We also periodically upgrade and install new systems, which if installed or programmed incorrectly, could cause significant disruptions. If a disruption occurs, we could incur losses and costs for interruption of our operations.

Currency exchange rate fluctuations could have an adverse effect on our revenue, cash flows and financial results.

Because we conduct a significant portion of our business outside the United States, our revenues and earnings and the value of our foreign net assets are affected by fluctuations in foreign currency exchange rates, which may favorably or adversely affect reported earnings and net assets. Currency exchange rates fluctuate in response to, among other things, changes in local, regional or global economic conditions, the imposition of currency exchange restrictions and unexpected changes in regulatory or taxation environments. Fluctuations in currency exchange rates may affect the Company s operating performance by impacting revenues and expenses outside of the United States due to fluctuations in currencies other than the U.S. dollar or where the Company translates into U.S. dollars for financial reporting purposes the assets and liabilities of its foreign operations conducted in local currencies.

We have a significant amount of goodwill and other intangible assets on our balance sheet; an impairment of our goodwill or other intangible assets may adversely affect our operating results.

As of March 31, 2013, we had $464,456 of goodwill and intangible assets, the value of which depends on a number of factors, including earnings growth, market capitalization and the overall success of our business. Accounting standards require us to test goodwill for impairment annually, and more frequently when events or changes in circumstances indicate impairment may exist. There can be no assurance that future reviews of our goodwill and other intangible assets will not result in impairment charges. Although it does not affect cash flow, an impairment charge does have the effect of decreasing our earnings, assets and shareholders equity. Future events may occur that could adversely affect the value of our assets and require future impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of a deteriorating economic environment and decreases in our market capitalization due to a decline in the trading price of our common stock.

A significant portion of our investment in York Label Group includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these could have a material adverse impact on our financial condition and results of operations.

We acquired $259,214 of intangible assets with the acquisition of York Label Group, of which $176,714 was identified as goodwill. As required by current accounting standards, we review intangible assets for impairment either annually or when events or changes in circumstances indicate that the carrying value may not be recoverable.

During the early years of an acquisition, the risk of impairment to goodwill and intangible assets is naturally higher. This is because the fair values of these assets align very closely with what we recently paid to acquire the reporting units to which these assets are assigned. This means the difference between the carrying value of the reporting unit and its fair value (typically referred to as headroom) is naturally smaller at the time of acquisition. Until this headroom grows over time (due to business growth or lower carrying value of the reporting unit due to natural amortization, etc.), a relatively small decrease in reporting unit fair value can trigger an impairment. That fair value is affected by actual business performance but is also determined by the market (usually reflected in the value of our common stock). As a consequence, even with favorable business performance, the market alone can drive an impairment condition if general business valuations decline enough. When impairment charges are triggered, they tend to be material due to the sheer size of the assets involved.

We are involved on an ongoing basis in claims, lawsuits, and governmental proceedings relating to our operations, including environmental, commercial transactions, and other matters.

The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty, but could have a material adverse effect on our financial condition, results of operations, and cash flow. We are also involved in other possible claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are high-deductible policies resulting in our assuming exposure for a layer of coverage with respect to such claims. For a more detailed discussion of our asserted claims, see Item 3 of Part I of this Form 10-K.

We cannot predict our future capital needs and any limits on our ability to raise capital in the future could prevent further growth.

We may in the future be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity financing may be dilutive to the holders of our common stock, and debt financing, if available, may involve restrictive covenants and could reduce our profitability. In addition, we may experience operational difficulties and delays due to working capital restrictions. If we cannot raise funds on acceptable terms, we may have to delay or scale back our growth plans and may not be able to effectively manage competitive pressures.

We depend on key personnel, and we may not be able to operate and grow our business effectively if we lose their services or are unable to attract qualified personnel in the future.

We are dependent upon the efforts of our senior management team. The success of our business is heavily dependent on our ability to retain our current management and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense, and we may not be able to retain our personnel. We have not entered into employment agreements with our key personnel, other than with our Chief Executive Officer and President, and these individuals may not continue in their present capacity with us for any particular period of time. Outside of the implementation of succession plans and executive transitions done in the normal course of business, the loss of the services of one or more members of our senior management team could require the remaining executive officers to divert immediate and substantial attention to seeking a replacement and would disrupt our business and impede our ability to execute our business strategy. Any inability to find a replacement for a departing executive officer on a timely basis could adversely affect our ability to operate and grow our business.

If we are unable to adequately protect our intellectual property, we may lose some of our competitive advantage.

Our success is determined in part by our ability to obtain United States and foreign patent protection for our technology and to preserve our trade secrets. Our ability to compete and the ability of our business to grow could suffer if our intellectual property rights are not adequately protected. There can be no assurance that our patent applications will result in patents being issued or that current or additional patents will afford protection against competitors. We rely on a combination of patents, copyrights, trademarks and trade secret protection and contractual rights to establish and protect our intellectual property. Failure of our patents, copyrights, trademarks and trade secret protection, non-disclosure agreements and other measures to provide protection of our technology and our intellectual property rights could enable our competitors to more effectively compete with us and have an adverse effect on our business, financial condition and results of operations. In addition, our trade secrets and proprietary know-how may otherwise become known or be independently discovered by others. No guarantee can be given that others will not independently develop substantially equivalent proprietary information or techniques, or otherwise gain access to our proprietary technology.

We could become involved in intellectual property litigation, which is costly and could cause us to lose our intellectual property rights or subject us to liability.

Although we have received patents with respect to certain technologies of ours, there can be no assurance that these patents will afford us any meaningful protection. Although we believe that our use of the technology and products we developed and other trade secrets used in our operations do not infringe upon the rights of others, our use of the technology and trade secrets we developed may infringe upon the patents or intellectual property rights of others. In the event of infringement, we could, under certain circumstances, be required to obtain a license or modify aspects of the technology and trade secrets we developed or refrain from using same. We may not have the necessary financial resources to defend an infringement claim made against us or be able to successfully terminate any infringement in a timely manner, upon acceptable terms and conditions or at all. Moreover, if the patents, technology or trade secrets we developed or use in our business are deemed to infringe upon the rights of others, we could, under certain circumstances, become liable for damages, which could have a material adverse effect on us and our financial condition. As we continue to market our products, we could encounter patent barriers that are not known today. Furthermore, third parties may assert that our intellectual property rights are invalid, which could result in significant expenditures by us to refute such assertions. If we become involved in litigation, we could lose our proprietary rights, be subject to damages and incur substantial unexpected operating expenses. Intellectual property litigation is expensive and time-consuming, even if the claims are subsequently proven unfounded, and could divert management s attention from our business. If there is a successful claim of infringement, we may not be able to develop non-infringing technology or enter into royalty or license agreements on acceptable terms, if at all. If we are unsuccessful in defending claims that our intellectual property rights are invalid, we may not be able to enter into royalty or license agreements on acceptable terms, if at all. This could prohibit us from providing our products and services to customers, which could have a material adverse effect on us and our financial condition.

Employee benefit costs, including increasing health care costs for our employees may adversely affect our business, results of operations and financial condition.

We seek to provide competitive employee benefit programs to our employees. Employee benefit costs, such as U.S. healthcare costs of our eligible and participating employees, may increase significantly at a rate that is difficult to forecast, in part because we are unable to determine the impact that newly enacted U.S. federal healthcare legislation may have on our employer-sponsored medical plans. Higher employee benefit costs could have an adverse effect on our business, results of operations and financial condition.

We provide health care and other benefits to our employees. In recent years, costs for health care have increased more rapidly than general inflation in the U.S. economy. If this trend in health care costs continues, our cost to provide such benefits could increase, adversely impacting our profitability. Changes to health care regulations in the U.S. may also increase the cost to us of providing such benefits.

Risks Relating to Our Common Stock

Our operating results fluctuate from quarter to quarter.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future as a result of a variety of factors, many of which are outside of our control, including:

- timing of the completion of particular projects or orders;
- material reduction, postponement or cancellation of major projects, or the loss of a major client;
- timing and amount of new business;
- differences in order flows;
- sensitivity to the effects of changing economic conditions on its clients businesses;
- the strength of the consumer products industry;
- the relative mix of different types of work with differing margins;
- costs relating to expansion or reduction of operations, including costs to integrate current and any future acquisitions;
- changes in interest costs, foreign currency exchange rates and tax rates; and
- costs associated with compliance with legal and regulatory requirements.

Because of this, we may be unable to adjust spending on fixed costs, such as building and equipment leases, depreciation and personnel costs, quickly enough to offset any revenue shortfall and our operating results could be adversely affected. Due to these factors or other unanticipated events, our financial and operating results in any one quarter may not be a reliable indicator of its future performance.

The price for our common stock can be volatile and unpredictable.

The market price of our common stock can be volatile and may experience broad fluctuations over short periods of time. The market price of our common stock may continue to experience strong fluctuations due to unexpected events, variations in its operating results, analysts earnings estimates or investors expectations concerning our future results and our business generally. In addition, regardless of our actual operating performance, the market price of our common stock may fluctuate due to broader market and industry factors.

If we fail to comply with U.S. public company reporting obligations or to maintain adequate internal controls over financial reporting, our business, results of operations and financial condition could be adversely affected.

As a U.S. public company, we are required to comply with the periodic reporting obligations of the Securities Exchange Act of 1934, including preparing annual reports, quarterly reports and current reports. We are also subject to certain of the provisions of the Sarbanes-Oxley Act of 2002 and Dodd-Frank Act which, among other things, require enhanced disclosure of business, financial, compensation and governance information. Our failure to prepare and disclose this information in a timely manner could subject us to penalties under federal securities laws, expose us to lawsuits, and restrict our ability to access financing. We may identify areas requiring improvement with respect to our internal control over financial reporting, and we may be required to design enhanced processes and controls to address issues identified. This could result in significant delays and cost to us and require us to divert substantial resources, including management time, from other activities. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud.

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Certain provisions of Ohio law and our Articles of Incorporation and Code of Regulations may deter takeover attempts, which may limit the opportunity of our shareholders to sell their shares at a favorable price, and may make it more difficult for our shareholders to remove our Board of Directors and management.

Provisions in our Amended Articles of Incorporation and Amended and Restated Code of Regulations may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- advance notice requirements for shareholders proposals and nominations;
- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or due to the resignation or departure of an existing board member;
- the prohibition of cumulative voting in the election of directors, which would otherwise allow less than a majority of shareholders to elect director candidates; and
- limitations on the removal of directors.

In addition, because we are incorporated in Ohio, we are governed by the provisions of Section 1704 of the Ohio Revised Code. These provisions may prohibit large shareholders, particularly those owning 10% or more of our outstanding voting stock, from merging or combining with us. These provisions in our Articles of Incorporation and Code of Regulations and under Ohio law could discourage potential takeover attempts, could reduce the price that investors are willing to pay for our common shares in the future and could potentially result in the market price being lower than it would without these provisions.

Although no preferred shares were outstanding as of March 31, 2013 and although we have no present plans to issue any preferred shares, our Articles of Incorporation authorize the Board of Directors to issue up to 1,000 preferred shares. The preferred shares may be issued in one or more series, the terms of which will be determined at the time of issuance by our Board of Directors without further action by the shareholders. These terms may include voting rights, including the right to vote as a series on particular matters, preferences as to dividends and liquidation, conversion rights, redemption rights and sinking fund provisions. The issuance of any preferred shares could diminish the rights of holders of our common shares and, therefore, could reduce the value of our common shares. In addition, specific rights granted to future holders of preferred shares could be used to restrict our ability to merge with, or sell assets to, a third party. The ability of our Board of Directors to issue preferred shares and the foregoing anti-takeover provisions may prevent or frustrate attempts by a third party to acquire control of the Company, even if some of our shareholders consider such change of control to be beneficial.

ITEM 1B. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

(In thousands, except for statistical data)

As of March 31, 2013, the Company owned 7 manufacturing facilities in the U.S., South Africa and Scotland and leased 20 manufacturing facilities in the U.S., Australia, France, Italy, China, Poland, Argentina, Chile and Canada.

See below for a listing of our 27 facilities at March 31, 2013:

Location	Approximate Square Feet	Owned/Leased
Batavia, Ohio	247,830	Owned
Green Bay, Wisconsin	39,600	Owned
Norway, Michigan	133,000	Owned
Watertown, Wisconsin	63,300	Owned
Napa, California	52,000	Leased
Scottsburg, Indiana	120,500	Owned
Lucca, Italy	119,479	Leased
Montagny, France	20,000	Leased
Guangzhou, China	43,056	Leased
Adelaide, Australia	65,246	Leased
Queensland, Australia	42,744	Leased
Barossa, Australia	25,306	Leased
Griffith, Australia	21,775	Leased
Paarl, South Africa	114,343	Owned
Omaha, Nebraska	31,000	Leased
Omaha, Nebraska	15,000	Leased
York, Pennsylvania	160,000	Leased
El Dorado Hills, California	28,500	Leased
Asheville, North Carolina	53,500	Leased
Sonoma, California	47,500	Leased
Chesapeake, Virginia	49,885	Leased
Montreal, Canada	51,650	Leased
Mendoza, Argentina	10,273	Leased
Florence, Italy	23,681	Leased
Warsaw, Poland	61,657	Leased
Santiago, Chile	150,610	Leased
Glasgow, Scotland	43,196	Owned

All of the Company s properties are in good condition, well maintained and adequate for our intended uses.

In the third quarter of fiscal 2013, the Company consolidated the two operations located in Montreal, Canada into one manufacturing facility. The Company incurred charges of $676 in fiscal 2013 related to fixed asset write-offs and relocation costs in conjunction with the plant consolidation.

In January 2012, the Company announced plans to consolidate its manufacturing facility located in Kansas City, Missouri into our other existing facilities. In connection with the consolidation of the Kansas City facility, the Company incurred charges of $855 in fiscal 2013 and $1,182 in the fourth quarter of fiscal 2012 primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs. The transition from the Kansas City facility has been completed. In September 2012, the Kansas City facility was sold for net proceeds of $625.

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ITEM 3. LEGAL PROCEEDINGS
(In thousands)

The Company is a party in a case styled DLJ South American Partners, L.P. (DLJ) v. Multi-Color Corporation, et al., Case No. C.A. No. 7417-CS which is pending in the Delaware Court of Chancery. In a complaint filed on April 13, 2012, DLJ alleges that the Company failed to make certain payments required by the Merger and Stock Purchase Agreement (the Merger Agreement) entered into by the Company with Adhesion Holdings, Inc., a Delaware corporation, DLJ, and Diamond Castle Partners IV, L.P., a Delaware limited partnership, (Diamond Castle), pursuant to which the Company acquired York Label Group. Ari J. Benacerraf and Simon T. Roberts, who are affiliated with Diamond Castle, are current members of the Company s Board of Directors.

DLJ seeks the payment of $6,939 and interest, legal fees and other equitable relief that the Company is unable to reasonably estimate at this time. On May 18, 2012, the Company filed an answer, counterclaim and third party complaint asserting various causes of action against DLJ, Diamond Castle and affiliated entities arising out of their breaches of the Merger Agreement and other actions. The parties are in the process of conducting discovery with respect to these claims.

The Company is also subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental, employee-related matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES
Not Applicable

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES
Our shares trade on the NASDAQ Global Select Market under the symbol LABL. The following table sets forth the high and low closing sales prices of our common stock (Common Stock) as reported on the NASDAQ Global Select Market during fiscal years 2013 and 2012. Our stock is thinly traded and accordingly, the prices below may not be indicative of prices at which a large number of shares can be traded or reflective of prices that would prevail in a more active market.

Quarter Ended	High	Low	Dividend Per Share	
March 31, 2013	$ 25.79	$ 22.87	$	0.05
December 31, 2012	$ 24.25	$ 20.95	$	0.05
September 30, 2012	$ 24.00	$ 18.79	$	0.05
June 30, 2012	$ 23.72	$ 18.11	$	0.05
March 31, 2012	$ 25.00	$ 20.65	$	0.05
December 31, 2011	$ 27.65	$ 21.29	$	0.05
September 30, 2011	$ 27.92	$ 21.03	$	0.05
June 30, 2011	$ 24.69	$ 19.07	$	0.05

As of May 31, 2013, there were approximately 305 shareholders of record of the Common Stock.

Beginning in and since the fourth quarter of the fiscal year ended March 31, 2005, we have paid a quarterly dividend of $0.05 per common share.

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FIVE YEAR PERFORMANCE GRAPH

The following performance graph compares Multi-Color s cumulative annual total shareholder return from April 1, 2008 through March 31, 2013, to that of the NASDAQ Market Index, a broad market index, and the Morningstar Packaging & Containers Index (Morningstar Packaging & Containers), an index of approximately 20 printing and packaging industry peer companies. The graph assumes that the value of the investment in the common stock and each index was $100 on April 1, 2008, and that all dividends were reinvested. Stock price performances shown in the graph are not indicative of future price performances. This data was furnished by Zacks Investment Research, Inc.

Company/Market/Peer Group	2008	2009	2010	2011	2012	2013
Multi-Color Corporation	$ 100.00	$ 55.30	$ 55.06	$ 94.04	$ 105.63	$ 122.17
NASDAQ Market Index	$ 100.00	$ 67.71	$ 107.20	$ 125.48	$ 140.94	$ 151.00
Morningstar Packaging & Containers	$ 100.00	$ 63.61	$ 96.79	$ 119.36	$ 121.91	$ 152.76

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ITEM 6. SELECTED FINANCIAL DATA
(In thousands, except per share data)

	Year Ended March 31,				
	2013 (1)	2012 (2)(6)	2011 (3)(6)	2010 (4)(6)	2009 (5)(6)
Net revenues	**$ 659,815**	$ 510,247	$ 338,284	$ 276,821	$ 289,763
Gross profit	**126,351**	98,284	67,978	48,601	52,806
Operating income	**70,705**	45,551	32,260	22,911	22,865
Income from continuing operations attributable to MCC	**30,300**	19,700	18,411	14,268	11,435
Income (loss) from discontinued operations					(137)
Net income attributable to MCC	**30,300**	19,700	18,411	14,268	11,298
Basic earnings per common share:					
Income from continuing operations	**$ 1.88**	$ 1.34	$ 1.42	$ 1.17	$ 0.94
Income (loss) from discontinued operations					(0.01)
Basic earnings per common share	**$ 1.88**	$ 1.34	$ 1.42	$ 1.17	$ 0.93
Diluted earnings per common share:					
Income from continuing operations	**$ 1.86**	$ 1.32	$ 1.40	$ 1.16	$ 0.93
Income (loss) from discontinued operations					(0.01)
Diluted earnings per common share	**$ 1.86**	$ 1.32	$ 1.40	$ 1.16	$ 0.92
Weighted average shares outstanding basic	**16,145**	14,662	13,005	12,209	12,156
Weighted average shares outstanding diluted	**16,332**	14,903	13,139	12,332	12,355
Dividends declared per common share	**$ 0.20**	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Dividends paid	**3,237**	2,941	2,612	2,469	2,449
Working capital	**68,107**	34,869	30,357	19,934	13,531
Total assets	**839,550**	809,654	411,829	285,342	258,208
Short-term debt	**23,946**	24,471	12,304	10,001	10,002
Long-term debt	**378,910**	377,584	115,027	75,642	92,317
Stockholders equity	**275,024**	253,020	191,826	146,628	103,032

(1) Fiscal 2013 results include $1,531 ($1,194 after-tax) in costs related to the consolidation of our manufacturing facilities located in Montreal, Canada and Kansas City, Missouri into other existing facilities and $1,337 ($1,040 after-tax) of integration expenses related to the York Label Group (York) acquisition.

(2) Fiscal 2012 results include a charge of $1,182 ($715 after-tax), related to the consolidation of the Kansas City, Missouri facility into other existing facilities, primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs. Results also include $5,608 ($3,727 after-tax) of integration expenses related to the acquisition of York.

(3) Fiscal 2011 results include a charge of $2,800 ($1,750 after-tax) related to the settlement of a legal dispute with the John Henry Company. Results also include a pre-tax reduction of $258 ($192 after-tax) to the initial charge recorded in fiscal 2010, in connection with the relocation of the Company s corporate headquarters from Sharonville, Ohio to its Batavia, Ohio facility, to incorporate the impact of the additional sublease income on the sublease of the remaining unoccupied space.

(4) Fiscal 2010 results include a pre-tax gain of $3,451 ($2,141 after-tax) related to the sale of certain assets associated with the manufacture of gravure cylinders and a charge of $1,219 ($959 after-tax) for remaining lease obligations and other costs related to the relocation of the Company s corporate headquarters from Sharonville, Ohio to its Batavia, Ohio facility.

(5) Fiscal 2009 results include a pre-tax charge of $2,553 ($1,634 after-tax) for expenses related to the closure of the Framingham manufacturing facility.

(6) Certain prior year amounts have been reclassified to conform to the current year presentation.

Refer to Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the impact of acquisitions completed during recent fiscal years that would impact the comparability of the selected financial data noted above. During fiscal 2013, we acquired Labelgraphics (Holdings) Ltd. (Labelgraphics), which has a manufacturing plant in Scotland. During fiscal 2012, we acquired La Cromografica, Warszawski Dom Handlowy and York, which have manufacturing plants in Italy, Poland, the U.S., Canada and Chile. During fiscal 2011, we acquired Monroe Etiquette and CentroStampa which have manufacturing plants in France and Italy, respectively.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information included in this Annual Report on Form 10-K contains certain forward-looking statements that involve potential risks and uncertainties. Multi-Color Corporation s future results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed herein and those discussed in Part 1, Item 1A Risk Factors. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date thereof.

Refer to Forward-Looking Statements following the index in this Form 10-K. In the discussion that follows, all amounts are in thousands (both tables and text), except per share data and percentages.

Following is a discussion and analysis of the financial statements and other statistical data that management believes will enhance the understanding of the Company s financial condition and results of operations.

RESULTS OF OPERATIONS

The following table shows for the periods indicated, certain components of Multi-Color s consolidated statements of income as a percentage of net revenues.

	Percentage of Net Revenues		
	2013	2012	2011
Net revenues	**100.0%**	100.0%	100.0%
Cost of revenues	**80.9%**	80.7%	79.9%
Gross profit	**19.1%**	19.3%	20.1%
Selling, general and administrative expenses	**8.2%**	10.1%	9.9%
Loss on legal settlement			0.8%
Facility closure expense (income), net	**0.2%**	0.2%	(0.1%)
Operating income	**10.7%**	9.0%	9.5%
Interest expense	**3.4%**	2.9%	2.1%
Other (income) expense, net	**(0.1%)**	(0.1%)	(0.1%)
Income before income taxes	**7.4%**	6.2%	7.5%
Income tax expense	**2.8%**	2.3%	2.1%
Net income	**4.6%**	3.9%	5.4%
Loss attributable to non-controlling interests		0.0%	
Net income attributable to Multi-Color Corporation	**4.6%**	3.9%	5.4%

EXECUTIVE SUMMARY

We provide a complete line of innovative decorative label solutions and offer a variety of technical and graphic services to our customers based on their specific needs and requirements. Our customers include a wide range of consumer product companies, and we supply labels for many of the world s best known brands and products, including home & personal care, wine & spirit, food & beverage, healthcare and specialty consumer products.

During fiscal 2013, the Company had net revenues of $659,815 compared to $510,247 in the prior year. Acquisitions occurring after the beginning of fiscal 2012 accounted for 27% of the 29% increase or $139,672. Of this acquisition-related revenue increase, $114,673 is attributable to the acquisition of York Label Group (York). The remaining increase was due to a 2% increase in sales volume, a 2% favorable impact of sales mix and a 2% unfavorable impact of foreign exchange rates primarily driven by the depreciation of the Euro.

Gross profit increased $28,067 or 29% compared to the prior year. Acquisitions occurring after the beginning of the fiscal 2012 contributed $18,999 to the gross profit increase. The remaining increase was due to the higher sales volumes and favorable sales mix impact. Gross margins remained consistent at 19% of net revenues compared to the prior year.

Operating income increased $21,154 or 55% compared to the prior year. Acquisitions occurring after the beginning of fiscal 2012 contributed $8,162 to the operating income increase. The remaining increase was due primarily to the impact of higher sales volumes, favorable sales mix impact, lower integration expenses and other cost decreases. Operating income in fiscal 2013 includes $1,531 of costs related to the consolidation of our manufacturing facilities located in Montreal, Canada and Kansas City, Missouri into other existing facilities.

The label markets we serve continue to experience a competitive environment and price pressures. We continually search for ways to reduce our costs through improved production and labor efficiencies, reduced substrate waste, new substrate options and lower substrate pricing.

We have continued to make progress in expanding our customer base and portfolio of products, services and manufacturing locations in order to address issues related to customer concentration. During 2013, 2012 and 2011, sales to major customers (those exceeding 10% of the Company s net revenues in one or more of the periods presented) approximated 15%, 14% and 16%, respectively, of the

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Company s consolidated net revenues. All of these sales were made to the Procter & Gamble Company. Since 2008, sales concentration with our major customers has been significantly reduced since we have added new customers and products with our acquisitions of Labelgraphics (Holdings) Ltd. (Labelgraphics), York Label Group, Warszawski Dom Handlowy (WDH), La Cromografica, Monroe Etiquette, Guidotti CentroStampa (CentroStampa) and Collotype International Holdings Pty. Ltd, which have manufacturing operations in the U.S., Canada, Chile, Poland, France, Italy, Scotland, Australia and South Africa.

Our vision is global leadership in premium label solutions. We currently serve customers located throughout North, Central and South America, Australia, South Africa, New Zealand, Europe and China. We continue to monitor and analyze new trends in the packaging and consumer products industries to ensure that we are providing appropriate services and products to our customers. Certain factors that influence our business include consumer spending, new product introductions, new packaging technologies and demographics.

Our primary objective for fiscal 2014 is to improve organic growth rates for both revenue and earnings. We expect the growth to come from improved operations due to the finalization of integration of our recent acquisitions in North and South America and from our start-ups in China and Argentina. We have invested in additional and more productive capacity throughout our locations to support organic growth. Furthermore, we expect higher earnings to support an increase in acquisition activity in fiscal 2014 compared to the prior year.

COMPARISON OF FISCAL YEARS ENDED MARCH 31, 2013 AND MARCH 31, 2012

Net Revenues

	2013	2012	**$ Change**	**% Change**
Net Revenues	**$ 659,815**	$ 510,247	**$ 149,568**	**29%**

Net revenues increased 29% to $659,815 from $510,247 in the prior year. Acquisitions occurring after the beginning of fiscal 2012 accounted for 27% of the 29% increase or $139,672. Of this acquisition-related revenue increase, $114,673 is attributable to the acquisition of York. The remaining increase was due to a 2% increase in sales volume, a 2% favorable impact of sales mix and a 2% unfavorable impact of foreign exchange rates primarily driven by the depreciation of the Euro.

Cost of Revenues and Gross Profit

	2013	2012	**$ Change**	**% Change**
Cost of Revenues	**$ 533,464**	$ 411,963	**$ 121,501**	**29%**
% of Net Revenues	**80.9%**	80.7%		
Gross Profit	**$ 126,351**	$ 98,284	**$ 28,067**	**29%**
% of Net Revenues	**19.1%**	19.3%		

Cost of revenues increased 29% or $121,501 compared to the prior year. The majority of the increase in cost of revenues was due to acquisitions occurring after the beginning of fiscal 2012, which contributed $121,912 to the cost of revenues increase. Included in the increase due to acquisitions is a charge of $458 for an adjustment related to the step-up of finished goods and work-in-process inventory in the purchase price accounting for Labelgraphics. The cost of revenues in the prior year was impacted by a one-time charge of $1,530 for an adjustment related to the step-up of finished goods and work-in-process inventory in the purchase price accounting for York.

Gross profit increased $28,067 or 29% compared to the prior year. Acquisitions occurring after the beginning of the fiscal 2012 contributed $18,999 to the gross profit increase. The remaining increase was due to the higher sales volumes and favorable sales mix impact. Gross margins remained consistent at 19% of net revenues compared to the prior year.

Selling, General and Administrative (SG&A) Expenses and Other Operating Items

	2013	2012	$ Change	% Change
Selling, General and Administrative Expenses	**$ 54,115**	$ 51,551	**$ 2,564**	**5%**
% of Net Revenues	**8.2%**	10.1%		
Facility Closure Expense (Income), net	**$ 1,531**	$ 1,182	**$ 349**	**30%**
% of Net Revenues	**0.2%**	0.2%		

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SG&A expenses increased $2,564 or 5% compared to the prior year. SG&A increased $9,220 primarily due to the impact of acquisitions occurring after the beginning of fiscal 2012 partially offset by a decrease of $6,656 in integration and acquisition expenses related to the York acquisition compared to the prior year. SG&A expenses, as a percentage of net revenues, decreased from 10% to 8% compared to the prior year.

In January 2012, the Company announced plans to consolidate its manufacturing facility located in Kansas City, Missouri into our other existing facilities. In connection with the consolidation of the Kansas City facility, the Company incurred charges of $855 in fiscal 2013 and $1,182 in the fourth quarter of fiscal 2012 primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs. The transition from the Kansas City facility has been completed. In September 2012, the Kansas City facility was sold for net proceeds of $625.

In the third quarter of fiscal 2013, the Company consolidated the two operations located in Montreal, Canada into one manufacturing facility. The Company incurred charges of $676 in fiscal 2013 related to fixed asset write-offs and relocation costs in conjunction with the plant consolidation.

Interest Expense and Other (Income) Expense, Net

	2013	2012	**$ Change**	**% Change**
Interest Expense	**$ 22,237**	$ 15,010	**$ 7,227**	**48%**
Other (Income) Expense, net	**$ (219)**	$ (583)	**$ 364**	**62%**

Interest expense increased $7,227 or 48% compared to the prior year due primarily to a full year of interest on the debt used to finance the acquisition of York.

Other income decreased $364 compared to the prior year primarily due to lower realized gains on foreign exchange in fiscal 2013.

Income Tax Expense

	2013	2012	**$ Change**	**% Change**
Income Tax Expense	**$ 18,387**	$ 11,456	**$ 6,931**	**61%**

The Company s effective tax rate was 38% in fiscal 2013 compared to 37% in the prior year due primarily to a shift in the geographical mix of worldwide earnings between domestic and foreign jurisdictions. The Company expects its annual effective tax rate to be approximately 38% in fiscal year 2014 reflecting the higher percentage of income in the United States.

COMPARISON OF FISCAL YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

Net Revenues

	2012	2011	$ Change	% Change
Net Revenues	$ 510,247	$ 338,284	$ 171,963	51%

Net revenues increased 51% to $510,247 from $338,284. The majority of the increase in revenues was due to acquisitions and start-ups that occurred after the beginning of fiscal 2011, which contributed $151,446 or 45% of the revenue increases. The remaining increase was due to a 2% increase in sales volume, a 2% favorable sales mix impact and a 2% favorable foreign exchange impact.

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Cost of Revenues and Gross Profit

	2012	2011	$ Change	% Change
Cost of Revenues	$ 411,963	$ 270,306	$ 141,657	52%
% of Net Revenues	80.7%	79.9%		
Gross Profit	$ 98,284	$ 67,978	$ 30,306	45%
% of Net Revenues	19.3%	20.1%		

Cost of revenues increased 52% or $141,657. The majority of the increase in cost of revenues was due to acquisitions and start-ups that occurred after the beginning of fiscal 2011, which contributed 48% to the cost of revenues increase. The remaining increase was due to an increase in sales volume and the favorable impact of sales mix and foreign exchange rates.

Gross profit increased $30,306 or 45% compared to the prior year. The acquisitions and start-ups that occurred after the beginning of fiscal 2011 contributed 31% to the gross profit increase. The remaining increase was due to the impact of foreign exchange, higher sales volumes and favorable sales mix impacts. Gross margins decreased to 19% from 20% of sales revenues compared to the prior year due primarily to lower revenues and operational inefficiencies in the new Chilean operations acquired with York and the impact of the adjustment related to the step-up of finished goods and work-in-process inventory in the purchase price accounting for York.

Selling, General and Administrative (SG&A) Expenses and Other Operating Items

	2012	2011	$ Change	% Change
Selling, General and Administrative Expenses	$ 51,551	$ 33,176	$ 18,375	55%
% of Net Revenues	10.1%	9.9%		
Facility Closure Expense (Income), net	$ 1,182	$ (258)	$ 1,440	558%
% of Net Revenues	0.2%	(0.1%)		
Loss on Legal Settlement	$	$ 2,800	$ (2,800)	(100%)
% of Net Revenues	%	0.8%		

SG&A expenses increased $18,375 or 55% compared to the prior year due to the impact of acquisitions of $12,308, integration expenses related to the acquisition of York of $5,608, an increase in acquisition-related expenses of $1,180 and higher incentive compensation expense, partially offset by $1,658 of one-time severance and accelerated stock compensation charges in the prior year. The integration expenses consisted primarily of severance and other termination benefits and professional fees.

In January 2012, the Company announced plans to consolidate its manufacturing facility located in Kansas City, Missouri into our other existing facilities. In connection with the consolidation of the Kansas City facility, the Company incurred a charge of $1,182 in the fourth quarter of fiscal 2012 primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs.

In the fourth quarter of fiscal 2011, the Company recorded a charge of $2,800 related to the settlement of a legal dispute with the John Henry Company.

Interest Expense and Other (Income) Expense, Net

	2012	2011	$ Change	% Change
Interest Expense	$ 15,010	$ 7,021	$ 7,989	114%
Other (Income) Expense, net	$ (583)	$ (210)	$ (373)	(178%)

Interest expense increased to $15,010 compared to $7,021 in the prior year due primarily to the increase in debt borrowings to finance acquisitions, primarily the York acquisition, the write-off of certain deferred financing fees in conjunction with the debt modification to the

Company s Credit Facility related to the York acquisition and the impact of foreign exchange rates.

Other income increased $373 due primarily to higher realized gains on foreign exchange in fiscal 2012.

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Income Tax Expense

	2012	2011	$ Change	% Change
Income Tax Expense	$ 11,456	$ 7,038	$ 4,418	63%

The Company s effective tax rate was 37% in fiscal 2012 compared to 28% in the prior year due primarily to a higher percentage of income in higher tax jurisdictions and an increase in valuation allowances recorded in certain foreign jurisdictions.

Liquidity and Capital Resources

Comparative Cash Flow Analysis

Net cash provided by operating activities was $69,713 in 2013 compared to $56,477 in 2012 and $37,083 in 2011. The cash provided by operating activities came from net income attributable to Multi-Color Corporation adjusted primarily for non-cash expenses of depreciation and amortization, stock-based compensation expense and changes in deferred taxes and working capital. The increase in cash provided by operating activities in 2013, compared to 2012, of $13,236 was primarily due to the impact of acquisitions since the beginning of the prior year period. The increase in cash provided by operating activities in 2012, compared to 2011, of $19,394 was primarily due to cash generated from earnings and changes in deferred taxes and working capital. Changes in working capital provided (used) cash from operating activities of $(8,001) in 2013, $1,426 in 2012 and $(2,660) in 2011.

Net cash used in investing activities was $42,649 in 2013 compared to $294,891 in 2012 and $55,497 in 2011. The investing activities in 2013 include capital expenditures of $28,638 and investments in acquisitions of $15,979, partially offset by proceeds from the sale the Kansas City facility of $625 and proceeds from the sale of other property, plant and equipment of $1,343. The investing activities in 2012 include capital expenditures of $23,008, investments in acquisitions of $275,872 and other items of $32, partially offset by proceeds from the sale of property, plant and equipment of $4,021. Investing activities include cash used for the acquisition of Labelgraphics in the first quarter of fiscal 2013 and the acquisition of York, La Cromografica, two label operations in Latin America and WDH in fiscal 2012. The investing activities in 2011 include capital expenditures of $13,102, investments in acquisitions of $43,092 and other items of $113, partially offset by proceeds from the sale of property, plant and equipment of $810.

Capital expenditures of $28,638 in 2013, $23,008 in 2012 and $13,102 in 2011 were funded primarily from cash flow from operations. Capital expenditures in fiscal 2013 were related primarily to the purchase of new presses. The projected amount of capital expenditures for 2014 is $31,000.

Net cash used in financing activities was $21,189 in 2013 compared to net cash provided by financing activities of $233,781 in 2012 and $23,875 in 2011. During 2013, net debt borrowings were $283, debt issuance costs were $0 and dividends paid were $3,237 compared to net debt borrowings of $255,883, debt issuance costs of $8,562 and dividends paid of $2,941 during 2012. Financing activities include net debt additions to finance the acquisition of Labelgraphics in the first quarter of fiscal 2013 and York in the third quarter of fiscal 2012. Net cash used in financing activities for 2013 includes deferred payments related to the Labelgraphics acquisition of $5,049 and the York acquisition of $14,380, which the Company paid on July 2, 2012 and April 1, 2012, respectively. Also in 2012, the Company paid $12,186 for contingent consideration related to the acquisitions of CentroStampa and WDH. During 2011, net debt borrowings were $28,195, debt issuance costs were $1,682 and dividends paid were $2,612.

Capital Resources

On February 29, 2008, the Company executed a five year $200,000 credit agreement with a consortium of bank lenders (Credit Facility) with an original expiration date in 2013. The Company completed the first amendment to the Credit Facility in June 2010 and the second amendment in March 2011. In August 2011, the Company executed the third amendment to the Credit Facility. The third amendment increased the aggregate principal amount to $500,000 with an additional $315,000 term loan to be made available to the Company in a single drawing. The third amendment extended the expiration date of the Credit Facility from April 2014 to August 2016, updated the financial covenants and increased the interest rate margins over the applicable Eurocurrency or Australian Bank Bill Swap Rate (BBSY) and increased the commitment fee. In October 2011, the Company drew down on the additional term loan in conjunction with the York Label Group acquisition (see Note 3). Upon drawing down on the additional term loan, the maximum leverage ratio permitted increased to 4.25 to 1.00 with scheduled step downs and the consolidated interest coverage ratio is not to be less than 4.00 to 1.00. The interest rate margins for loans based on LIBOR and BBSY range from 2.00% to 3.50%. The Credit Facility contains an election to increase the facility by up to an additional $100,000 subject to agreement by one or more lenders to increase its commitment. In September 2011, the Company entered into the fourth amendment to the Credit Facility. The fourth amendment excluded certain subsidiaries of the York Label Group from the requirements to become guarantors under the Credit Facility. In November 2012, the Company entered into the fifth amendment to the Credit Facility. The fifth amendment increased the maximum consolidated leverage ratio permitted to 4.50 to 1.00 for December 31, 2012 through March 31, 2013 with scheduled step downs.

At March 31, 2013, the aggregate principal amount of $479,375 under the Credit Facility is comprised of the following: (i) a $130,000 revolving Credit Facility that allows the Company to borrow in alternative currencies up to the equivalent of $50,000 (U.S. Revolving Credit Facility); (ii) the Australian dollar equivalent of a $40,000 revolving Credit Facility (Australian Sub-Facility); and (iii) a $309,375 term loan facility (Term Loan Facility) which amortizes quarterly based on an escalating percentage of the initial aggregate value of the Term Loan Facility. The Term Loan Facility amortizes quarterly based on the following schedule: (i) March 31, 2013 through December

31, 2013 amortization of $4,125, (ii) March 31, 2014 through December 31, 2015 amortization of $8,250 and (iii) March 31, 2016 through June 30, 2016 amortization of $12,375, with the balance due at maturity.

The Company incurred $8,562 of debt issuance costs in fiscal 2012 related to the debt modification which are being deferred and amortized over the life of the amended Credit Facility. In conjunction with the modification to our debt in the third amendment to the Credit Facility, we analyzed the new loan costs related to the amended Credit Facility and the existing unamortized loan costs related to the prior agreement allocated to the revolving line of credit, prior term loan and amended term loan separately to determine the amount of costs to be capitalized and the amount to be expensed. As a result of the analysis, the Company recorded a charge to interest expense of $490 to write-off certain deferred financing fees, which were paid to originate the prior agreement, including the unamortized portion of the loan costs allocated to creditors no longer participating in the amended Credit Facility. The unamortized portion of loan costs allocated to creditors participating in both the original and amended Credit Facility are being amortized over the term of the modified agreement.

The Company recorded $1,979 and $1,474 in interest expense for the years ended March 31, 2013 and 2012, respectively, in the consolidated statements of income to amortize deferred financing costs.

The Credit Facility may be used for working capital, capital expenditures and other corporate purposes. Loans under the U.S. Revolving Credit Facility and Term Loan Facility bear interest either at: (i) base rate (as defined in the credit agreement) plus the applicable margin for such loans which ranges from 1.00% to 2.50%; or (ii) the applicable London interbank offered rate, plus the applicable margin for such loans which ranges from 2.00% to 3.50% based on the Company s leverage ratio at the time of the borrowing. Loans under the Australian Sub-Facility bear interest at the BBSY Rate plus the applicable margin for such loans, which ranges from 2.00% to 3.50% based on the Company s leverage ratio at the time of the borrowing.

Available borrowings under the Credit Facility at March 31, 2013 consisted of $41,875 under the U.S. Revolving Credit Facility and $40,000 under the Australian Sub-Facility. The Company also has various other uncommitted lines of credit available at March 31, 2013 in the amount of $8,645.

The Credit Facility contains customary representations and warranties as well as customary negative and affirmative covenants which require the Company to maintain the following financial covenants at March 31, 2013: (i) a minimum consolidated net worth; (ii) a maximum consolidated leverage ratio of 4.50 to 1.00 and (iii) a minimum consolidated interest charge coverage ratio of 4.00 to 1.00. The Credit Facility contains customary mandatory and optional prepayment provisions, customary events of default, and is secured by the capital stock of subsidiaries, intercompany debt and all of the Company s property and assets, but excluding real property. The Company is in compliance with all covenants under the Credit Facility as of March 31, 2013.

In April 2008, the Company entered into two Swaps, a $40,000 non-amortizing Swap and a $40,000 amortizing Swap, to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Swaps expired in February 2013 and resulted in interest payments based on fixed rates of 3.45% for the non-amortizing Swap and 3.04% for the amortizing Swap, plus the applicable margin per the requirements in the Credit Facility ranging from 2.00% to 3.50% based on the Company s leverage ratio. The notional balance of the amortizing Swap was $8,000 at March 31, 2012.

In October 2011, in connection with the draw down on the $315,000 term loan for the acquisition of York, the Company entered into three forward starting non-amortizing Swaps for a total notional amount of $125,000 to convert variable rate debt for fixed rate debt (see Note 9). The Swaps are effective October 2012 and expire in August 2016. The Swaps result in interest payments based on an average fixed rate of 1.396% plus the applicable margin per the requirements in the Credit Facility.

We believe that we have both sufficient short and long-term liquidity and financing at this time. We had a working capital position of $68,107 and $34,869 at March 31, 2013 and March 31, 2012, respectively, and were in compliance with our loan covenants and current in our principal and interest payments on all debt.

Contractual Obligations

The following table summarizes the Company s contractual obligations as of March 31, 2013:

	Total	Year 1	Year 2	Year 3	Year 4	Year 5

							More than 5 years
Long-term debt	$ 400,109	$ 22,253	$ 33,838	$ 37,268	$ 306,750	$	$
Capital leases	2,747	1,693	911	143			
Interest on long-term debt (1)	53,330	17,051	15,764	14,696	5,819		
Rent due under operating leases	59,557	10,174	9,653	8,372	6,852	5,253	19,253
Unconditional purchase obligations	1,103	1,008	47	48			
Pension and post retirement obligations	1,064	13	42	65	78	90	776
Unrecognized tax benefits (2)							
Deferred purchase price	11,695	6,929	3,720	1,046			
Total contractual obligations	**$ 529,605**	**$ 59,121**	**$ 63,975**	**$ 61,638**	**$ 319,499**	**$ 5,343**	**$ 20,029**

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1) Interest on floating rate debt was estimated using projected forward LIBOR and BBSY rates as of March 31, 2013.
2) The table excludes $3,411 in liabilities related to unrecognized tax benefits as the timing and extent of such payments are not determinable.

Recent Acquisitions

On April 2, 2012, the Company acquired Labelgraphics, a wine & spirit label specialist located in Glasgow, Scotland, for $24,634 plus net debt assumed of $712. The purchase price includes a future performance based earn out of approximately 15% of the above total. The acquisition expanded MCC s global presence in the wine & spirit label market, particularly in the United Kingdom.

On October 3, 2011, the Company acquired York, including its joint venture in Santiago, Chile, for $329,204 plus net debt assumed of $9,870. York, which was headquartered in Omaha, Nebraska, is a leader in the home & personal care, food & beverage and wine & spirit label markets with manufacturing facilities in the U.S., Canada and Chile. The acquisition strengthened Multi-Color s presence in its core markets through the combination of the Company s existing customer relationships with York s customer base.

The Company plans to leverage York s strength in pressure sensitive label technologies to expand into new market segments. In addition, Multi-Color can offer all label technologies including IML, Heat Transfer and Shrink Sleeve to York s customers. The combined entities of Multi-Color and York anticipate opportunities to leverage raw material purchases and streamline suppliers.

On July 1, 2011, the Company acquired WDH, a consumer products and spirit label company located in Warsaw, Poland, for $7,760 plus net debt assumed of $4,019. The purchase price included a contingent payment to be made to the selling shareholders if certain financial targets were reached. The financial targets were reached in calendar year 2011 and the contingent payment was made in the fourth quarter of fiscal 2012. WDH supplies a number of large consumer products companies and international brand owners in home & personal care markets, consistent with MCC s largest customers in the U.S.

On May 2, 2011, the Company entered into agreements to buy 70% ownership in two label operations in Latin America; one in Santiago, Chile and the other in Mendoza, Argentina with a regional partner owning the remaining 30%. MCC s investment including debt assumed was approximately $3,900. These label operations focus on providing premium labels to the expanding Latin American wine & spirit markets. In September 2011, the Company bought the regional partner s 30% ownership interest in the two label operations in Latin America for 40 shares of Multi-Color common stock. As a result, MCC now owns 100% of the acquired label operations in Chile and Argentina.

On April 1, 2011, the Company acquired La Cromografica, an Italian wine label specialist, for a purchase price of approximately $9,880 payable in cash plus net debt assumed. La Cromografica is located in Florence, Italy and specializes in high quality wine labels for premium Italian wines.

On October 1, 2010, the Company acquired Monroe Etiquette for $9,896, plus net debt assumed. The selling shareholder received approximately 89% of the proceeds in the form of cash on October 1, 2010. The remaining 11% of the purchase price will be paid in cash, but is deferred for five years after the closing date. Monroe Etiquette provides labels to the premium French wine market.

On July 1, 2010, the Company acquired CentroStampa for $58,199 less net debt assumed but including a contingent payment. The selling shareholders received approximately 80% of the proceeds in the form of cash and 20% in the form of 935 shares of MCC common stock. This stock represented approximately 8% of MCC s shares outstanding immediately prior to consummation of the acquisition. At the date of acquisition, 5% of the purchase price was subject to achieving certain financial targets. On December 31, 2010, these financial targets subject to certain quantitative measures required to realize the contingent payment were satisfied in full and the entire liability was paid in July 2011.

Inflation

We do not believe that our operations have been materially affected by inflation. Inflationary price increases for raw materials could adversely impact our sales and profitability in the future.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. We continually evaluate our estimates, including, but not limited to, those related to revenue recognition, bad debts, inventories and any related reserves, income taxes, fixed assets, goodwill and intangible assets. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the facts and circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies impact the more significant judgments and estimates used in the preparation of our consolidated financial statements. Additionally, our senior management has reviewed the critical accounting policies and estimates with the Board of Directors Audit and Finance Committee. For a more detailed discussion of the application of these and other accounting policies, refer to Note 2 of the consolidated financial statements.

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Revenue Recognition

The Company recognizes revenue on sales of products when the customer receives title to the goods, which is generally upon shipment or delivery depending on sales terms. Revenues are generally denominated in the currency of the country from which the product is shipped and are net of applicable returns and discounts.

Shipping fees billed to customers are included in net revenues and shipping costs are included in cost of revenues in the consolidated statements of income. Taxes collected from customers and remitted to governmental authorities in applicable jurisdictions are excluded from net revenues.

Accounts Receivable

Our customers are primarily major consumer product, food & beverage, and wine & spirit companies and container manufacturers. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. The delinquency of an account receivable is determined based on these factors. The Company does not accrue interest on aged accounts receivable. Allowances are recorded and charged to expense when an account is determined to be uncollectible.

Losses may also depend to some degree on current and future economic conditions. Although future conditions are unknown to us and may result in additional credit losses, we do not anticipate significant adverse credit circumstances in fiscal 2014. If we are unable to collect all or part of the outstanding receivable balance, there could be a material impact on the Company s operating results and cash flows.

Inventories

Inventories are valued at the lower of cost or market value and are maintained using the FIFO (first-in, first-out) or specific identification method. Excess and obsolete cost reductions are generally established based on inventory age.

Goodwill and Other Acquired Intangible Assets

Goodwill is not amortized and the Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values. Intangible assets with definite useful lives are amortized over periods of up to twenty years based on a number of assumptions including estimated period of economic benefit and utilization. Intangible assets are also tested for impairment when events or changes in circumstances indicate that the assets carrying values may be greater than their fair values.

The Company s $347,671 of goodwill at March 31, 2013 relates primarily to the acquisitions of Collotype in 2008, CentroStampa and Monroe Etiquette in fiscal 2011, La Cromografica, WDH and York in fiscal 2012 and Labelgraphics in fiscal 2013. The Company completed its annual goodwill impairment test in the fourth quarter of fiscal 2013. The Company elected to bypass the qualitative assessment allowed by the revised accounting guidance and proceed directly to performing the first step of the two-step goodwill impairment test. The first step of the impairment test compares the fair value of the Company to the carrying value. The fair value was independently calculated by American Appraisal as of February 28, 2013 by calculating Multi-Color s marketable control equity value and comparing it to the Company s book value of equity. The result of the first step did not indicate potential impairment as the estimated fair value of its reporting unit exceeded the carrying value by approximately $185,000. As a result, the second step of the impairment test was not required.

Impairment of Long-Lived Assets

We review long-lived assets for impairment when events or changes in circumstances indicate that assets might be impaired and the related carrying amounts may not be recoverable. The determination of whether impairment exists involves various estimates and assumptions, including the determination of the undiscounted cash flows estimated to be generated by the assets involved in the review. The cash flow estimates are based upon our historical experience, adjusted to reflect estimated future market and operating conditions. Measurement of an impairment loss requires a determination of fair value. We base our estimates of fair values on quoted market prices when available, independent appraisals as appropriate and industry trends or other market knowledge. Changes in the market condition and/or losses of a production line could have a material impact on the consolidated statements of income. The Company did not record any material impairment charges to long-lived assets during fiscal 2013.

Income Taxes

The Company is subject to income taxes in both the United States and numerous foreign jurisdictions. Income taxes are recorded based on the current year amounts payable or refundable. Deferred income taxes are recognized at the enacted tax rates for the expected future tax consequences related to temporary differences between amounts reported for income tax purposes and financial reporting purposes as well as any tax attributes. Deferred income taxes are not provided for the undistributed earnings of subsidiaries operating outside of the U.S. that have been permanently reinvested in foreign operations.

We regularly review our deferred income tax balances for each jurisdiction to estimate whether these deferred income tax balances are more likely than not to be realized based on the information currently available. Projected future taxable income is based on forecasted results and assumptions as to the jurisdiction in which the income will be earned. The timing of reversals of any existing temporary differences is based on our methods of accounting for income taxes and current tax legislation. Unless the deferred tax balances are more likely than not to be realized, a valuation allowance is established to reduce the carrying values of any deferred tax balances until circumstances indicate that realization becomes more likely than not.

The Company establishes reserves for income tax related uncertainties based on estimates of whether it is more likely than not that the tax uncertainty would be sustained upon challenge by the appropriate tax authorities which would then result in additional taxes, penalties and interest due. Provisions for and changes to these reserves and any related net interest and penalties are included in income tax expense in the consolidated statements of income. Significant judgment is required when evaluating our tax provisions and determining our provision for income taxes. We regularly review our tax positions and we adjust the reserves as circumstances change.

Derivative Financial Instruments

The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the balance sheet at fair value and recognizing the resulting gains or losses as adjustments to earnings or accumulated other comprehensive income. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company manages interest costs using a mixture of fixed rate and variable rate debt. Additionally, the Company enters into interest rate swaps (Swaps) whereby it agrees to exchange with a counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount.

The Company s Swaps have been designated as effective cash flow hedges at inception. The Company evaluates effectiveness on an ongoing quarterly basis and therefore, any changes in fair value are recorded in other comprehensive income. If a hedge or portion thereof is determined to be ineffective, any changes in fair value would be recorded in the consolidated statements of income.

The Company manages foreign currency exchange rate risk by entering into forward currency contracts. The forward contracts have been designated as effective fair value hedges at inception. The Company evaluates effectiveness on an ongoing quarterly basis and therefore, any changes in fair value are recorded in the consolidated statements of income to offset the foreign currency effect of the transactions.

Fair Value Measurements

The carrying value of financial instruments approximates fair value.

The Company defines fair value as 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. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1 Quoted market prices in active markets for identical assets and liabilities

Level 2 Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3 Unobservable inputs

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

The Company has three non-amortizing interest rate Swaps with a total notional amount of $125,000 at March 31, 2013 to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Company adjusts the carrying value of these derivatives to their estimated fair values and records the adjustment in accumulated other comprehensive income.

The Company has entered into multiple forward contracts to fix the U.S. dollar value of presses, other equipment and intercompany loans. The forward contracts were designated as fair value hedges. The Company adjusts the carrying value of the derivative to the estimated fair value and records the adjustment in the consolidated statements of income.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in goodwill and other intangible asset impairment analyses, the valuation of acquired intangibles and in the valuation of assets held for sale. The Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values.

New Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued revised accounting guidance on the reporting of reclassifications out of accumulated other comprehensive income. The amendment requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is required to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2012, which for the Company is the fiscal year beginning April 1, 2013. This guidance is not expected to have a material impact on the Company.

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In December 2011, the FASB issued revised accounting guidance to enhance current disclosures around financial instruments and transactions eligible for offset in the financial statements and transactions subject to a master netting arrangement or similar agreement. The amendment will help facilitate a comparison between entities that prepare their financial statements on the basis of U.S. GAAP and those that prepare their financial statements on the basis of International Financial Reporting Standards (IFRS). In January 2013, the FASB issued revised accounting guidance clarifying the scope of the disclosures to apply only to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions that are either offset in the financial statements or subject to a master netting arrangement or similar agreement. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods, which for the Company is the fiscal year beginning April 1, 2013, with retrospective application required. This guidance is not expected to have a material impact on the Company.

In September 2011, the FASB issued revised accounting guidance to simplify how an entity tests goodwill for impairment. The amendment allows companies to assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. This guidance is effective for fiscal years beginning after December 15, 2011, which for the Company was the fiscal year beginning April 1, 2012, with early adoption permitted. This guidance did not have a material impact on the Company.

In June 2011, the FASB issued revised accounting guidance to modify the presentation requirements for comprehensive income. The amendment gives an entity the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendment eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, which for the Company was the fiscal year beginning April 1, 2012. The Company adopted this amended standard by presenting Consolidated Statements of Comprehensive Income after the Consolidated Statements of Income. This guidance did not have a material impact on the Company, as this standard only affects the display of comprehensive income and does not affect what is included in comprehensive income.

In May 2011, the FASB issued revised accounting guidance to develop common requirements for measuring fair value and for disclosing information about fair value measurements under U.S. GAAP and IFRS. The amendment does not require additional fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011, which for the Company was the fiscal quarter beginning January 1, 2012. This guidance did not have a material impact on the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

(In thousands, except for statistical data)

Multi-Color does not enter into derivatives or other financial instruments for trading or speculative purposes, but we may utilize them to manage our fixed to variable-rate debt ratio or to manage foreign currency exchange rate volatility.

Multi-Color is exposed to market risks from changes in interest rates on certain of its outstanding debt. The outstanding loan balance under our Credit Facility bears interest at a variable rate based on prevailing short-term interest rates in the United States and Australia. In April 2008, the Company entered into two interest rate swaps (Swaps), a $40,000 non-amortizing Swap and a $40,000 amortizing Swap, to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Swaps expired in February 2013 and resulted in interest payments based on fixed rates of 3.45% for the non-amortizing Swap and 3.04% for the amortizing Swap, plus the applicable margin per the requirements in the Credit Facility ranging from 2.00% to 3.50% based on the Company s leverage ratio (see Note 9 to the Company s consolidated financial statements). In October 2011, in connection with the draw down of the $315,000 term loan for the acquisition of York Label Group, the Company entered into three forward starting non-amortizing Swaps for a total notional amount of $125,000 to convert variable rate debt for fixed rate debt. The Swaps are effective October 2012 and expire in August 2016. The Swaps result in interest payments based on an average fixed rate of 1.396% plus the applicable margin per the requirements in the Credit Facility. Based on the outstanding debt at March 31, 2013, a 100 basis point change in the interest rate would change interest expense by approximately $2,763 annually.

Foreign currency exchange risk arises from our international operations in Australia, South Africa, Europe, China, Canada and South America as well as from transactions with customers or suppliers denominated in foreign currencies. The functional currency of each of the Company s subsidiaries is the currency of the country in which the subsidiary operates. The results of operations of our foreign subsidiaries are translated into U.S. dollars at the average exchange rate for each monthly period. As foreign exchange rates change, there are changes to the U.S. dollar equivalent of sales and expenses denominated in foreign currencies. During fiscal 2013, approximately 34% of our net sales were made by our foreign subsidiaries and their combined net income was 24% of the Company s net income.

The balance sheets of our foreign subsidiaries are translated into U.S. dollars at the closing exchange rates of each monthly balance sheet date. During fiscal 2013, the Company recorded an unrealized foreign currency translation loss of $6,589 in other comprehensive income as a result of movements in foreign currency exchange rates related to the Australian Dollar, South African Rand, Euro, Argentinean Peso, Chilean Peso, Polish Zloty, Chinese Yuan, Canadian Dollar and British Pound. See Notes 2 and 19 to the Company s consolidated financial statements. As of March 31, 2013, a 10% change in these foreign exchange rates would change shareholders equity by approximately $30,000. This hypothetical change was calculated by multiplying the net assets of each of our foreign subsidiaries by a 10% change in the applicable foreign exchange rate.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements and Financial Statement Schedules

CONSOLIDATED FINANCIAL STATEMENTS

All financial statement schedules have been omitted because they are either not required or the information is included in the financial statements or notes thereto.

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Multi-Color Corporation (the Company) is responsible for the preparation and accuracy of the financial statements and other information included in this report. The Company s management is also responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rules 13a-15(f). Under the supervision and with the participation of management, including Multi-Color s principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of March 31, 2013, based on the criteria set forth in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There are inherent limitations on the effectiveness of any system of internal controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective internal controls and procedures can only provide reasonable assurance of achieving their control objectives.

In meeting its responsibility for the reliability of the financial statements, the Company depends upon its system of internal accounting controls. The system is designed to provide reasonable assurance that assets are safeguarded and that transactions are properly authorized and recorded. The system is supported by policies and guidelines, and by careful selection and training of financial management personnel. The Company also has a Disclosure Committee, whose responsibility is to ensure appropriate disclosures and presentation of the financial statements and notes thereto. Additionally, the Company has an Internal Audit Department to assist in monitoring internal controls and compliance with financial policies and procedures.

The Board of Directors meets its responsibility for overview of the Company s financial statements through its Audit and Finance Committee which is composed entirely of independent Directors who are not employees of the Company. The Audit and Finance Committee meets periodically with management and Internal Audit to review and assess the activities of each in meeting their respective responsibilities. Grant Thornton LLP, the Company s independent registered public accounting firm, has full access to the Audit and Finance Committee to discuss the results of their audit work, the adequacy of internal accounting controls and the quality of financial reporting.

Based on the Company s evaluation, management concluded that internal control over financial reporting was effective as of March 31, 2013. The Company s internal control over financial reporting as of March 31, 2013 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is presented in these financial statements on page 31.

June 14, 2013

/s/ Nigel A. Vinecombe
Nigel A. Vinecombe

President and Chief Executive Officer

(Principal Executive Officer)

/s/ Sharon E. Birkett
Sharon E. Birkett

Vice President, Chief Financial

And Accounting Officer, Secretary

(Principal Financial Officer)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Multi-Color Corporation

We have audited the accompanying consolidated balance sheets of Multi-Color Corporation (an Ohio corporation) and subsidiaries (the Company) as of March 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders equity, and cash flows for each of the three years in the period ended March 31, 2013. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Multi-Color Corporation and subsidiaries as of March 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of March 31, 2013, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 14, 2013 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Cincinnati, Ohio

June 14, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Multi-Color Corporation

We have audited the internal control over financial reporting of Multi-Color Corporation (an Ohio corporation) and subsidiaries (the Company) as of March 31, 2013, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on criteria established in *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended March 31, 2013, and our report dated June 14, 2013 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Cincinnati, Ohio

June 14, 2013

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CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended March 31

(In thousands, except per share data)

	2013	2012	2011
Net revenues	$ 659,815	$ 510,247	$ 338,284
Cost of revenues	533,464	411,963	270,306
Gross profit	126,351	98,284	67,978
Selling, general and administrative expenses	54,115	51,551	33,176
Loss on legal settlement			2,800
Facility closure expense (income), net	1,531	1,182	(258)
Operating income	70,705	45,551	32,260
Interest expense	22,237	15,010	7,021
Other (income) expense, net	(219)	(583)	(210)
Income before income taxes	48,687	31,124	25,449
Income tax expense	18,387	11,456	7,038
Net income	30,300	19,668	18,411
Loss attributable to non-controlling interests		32	
Net income attributable to Multi-Color Corporation	$ 30,300	$ 19,700	$ 18,411
Weighted average shares and equivalents outstanding:			
Basic	16,145	14,662	13,005
Diluted	16,332	14,903	13,139
Basic earnings per common share	$ 1.88	$ 1.34	$ 1.42
Diluted earnings per common share	$ 1.86	$ 1.32	$ 1.40
Dividends per common share	$ 0.20	$ 0.20	$ 0.20

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended March 31

(In thousands)

	2013	2012	2011
Net income including non-controlling interests	**$ 30,300**	$ 19,668	$ 18,411
Other comprehensive income (loss):			
Unrealized foreign currency translation gain (loss) (1)	**(6,589)**	(5,580)	19,378
Unrealized gain (loss) on interest rate swaps, net of tax (2)	**(724)**	81	209
Additional minimum pension liability, net of tax (3)	**(14)**	(234)	(28)
Total other comprehensive income (loss)	**(7,327)**	(5,733)	19,559
Comprehensive income	**22,973**	13,935	37,970
Comprehensive loss attributable to non-controlling interests		32	
Comprehensive income attributable to Multi-Color Corporation	**$ 22,973**	$ 13,967	$ 37,970

(1) Amount is not net of tax as the earnings are reinvested within foreign jurisdictions. The amounts for the years ended March 31, 2013, 2012 and 2011 include a tax impact of $284, $455 and $2,186, respectively, related to the settlement of a Euro denominated loan.

(2) Amounts are net of tax of $454, $51 and $133 for the years ended March 31, 2013, 2012 and 2011, respectively.

(3) Amounts are net of tax of $9, $146 and $18 for the years ended March 31, 2013, 2012 and 2011, respectively.

The accompanying notes are an integral part of the consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

As of March 31

(In thousands, except per share data)

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 15,737**	$ 10,014
Accounts receivable, net	**102,996**	96,179
Other receivables	**4,257**	4,451
Inventories, net	**48,734**	44,176
Deferred tax asset	**9,796**	5,858
Prepaid expenses and other current assets	**9,024**	6,424
Total current assets	**190,544**	167,102
Assets held for sale	**60**	159
Property, plant and equipment, net	**178,552**	173,137
Goodwill	**347,671**	342,189
Intangible assets, net	**116,785**	116,828
Deferred financing fees and other non-current assets	**5,271**	7,661
Deferred tax asset	**667**	2,578
Total assets	**$ 839,550**	$ 809,654
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 23,946**	$ 24,471
Accounts payable	**61,759**	55,947
Accrued expenses and other liabilities	**36,732**	51,815
Total current liabilities	**122,437**	132,233
Long-term debt	**378,910**	377,584
Deferred tax liability	**43,115**	31,284
Other liabilities	**20,064**	15,533
Total liabilities	**564,526**	556,634
Commitments and contingencies		
Stockholders equity:		
Preferred stock, no par value, 1,000 shares authorized, no shares outstanding		
Common stock, no par value, stated value of $0.10 per share; 25,000 shares authorized, 16,246 and 16,138 shares issued at March 31, 2013 and March 31, 2012, respectively	**971**	958
Paid-in capital	**126,174**	123,244
Treasury stock, 89 and 70 shares at cost at March 31, 2013 and March 31, 2012, respectively	**(1,114)**	(655)
Restricted stock	**(591)**	(375)
Retained earnings	**147,100**	120,037
Accumulated other comprehensive income	**2,484**	9,811
Total stockholders equity	**275,024**	253,020
Total liabilities and stockholders equity	**$ 839,550**	$ 809,654

The accompanying notes are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands)

	Common Stock								
	Number of Shares Issued	Amount	Paid-In Capital	Treasury Stock	Restricted Stock	Non-Controlling Interest	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
March 31, 2010	12,397	$ 577	$ 64,606	$ (239)	$ (1,780)	$	$ 87,479	$ (4,015)	$ 146,628
Net income							18,411		18,411
Other comprehensive income								19,559	19,559
Issuance of common stock	997	99	8,172						8,271
Excess tax deficiency from stock based compensation			(368)						(368)
Restricted stock grant		1	249		(250)				
Restricted stock forfeiture			(51)		51				
Share-based compensation			766		1,579				2,345
Shares acquired under employee plans				(408)					(408)
Common stock dividends							(2,612)		(2,612)
March 31, 2011	13,394	$ 677	$ 73,374	$ (647)	$ (400)	$	$ 103,278	$ 15,544	$ 191,826
Net income (loss)						(32)	19,700		19,668
Other comprehensive loss								(5,733)	(5,733)
Acquisition of non-controlling interest						939			939
Non-controlling interest activity						(65)			(65)
Buy-out of non-controlling interest						(842)			(842)
Issuance of common stock	2,813	280	48,496						48,776
Excess tax benefit from stock based compensation			338						338
Restricted stock grant		1	249		(250)				
Share-based compensation			787		275				1,062
Shares acquired under employee plans	1			(8)					(8)
Common stock dividends							(2,941)		(2,941)
March 31, 2012	16,208	$ 958	$ 123,244	$ (655)	$ (375)	$	$ 120,037	$ 9,811	$ 253,020
Net income							30,300		30,300
Other comprehensive loss								(7,327)	(7,327)
Issuance of common stock	127	11	1,261						1,272
Excess tax benefit from stock based compensation			200						200
Restricted stock grant		2	518		(520)				
Share-based compensation			951		304				1,255
Shares acquired under employee plans				(459)					(459)
Common stock dividends							(3,237)		(3,237)
March 31, 2013	16,335	$ 971	$ 126,174	$ (1,114)	$ (591)	$	$ 147,100	$ 2,484	$ 275,024

The accompanying notes are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended March 31

(In thousands)

	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income attributable to Multi-Color Corporation	**$ 30,300**	$ 19,700	$ 18,411
Adjustments to reconcile net income attributable to MCC to net cash provided by operating activities:			
Depreciation	**26,851**	20,718	13,173
Amortization of intangible assets	**9,493**	6,456	3,321
Amortization of deferred financing costs	**1,979**	1,474	555
Net loss on facility closure			(258)
Net loss (gain) on disposal of property, plant and equipment	**402**	(160)	280
Loss on write-off of deferred financing fees		490	
Increase in deferred compensation			14
Stock based compensation expense	**1,255**	1,062	2,345
Excess tax (benefit)/deficiency from stock based compensation	**(200)**	(338)	368
Impairment loss on long-lived assets			31
Deferred taxes, net	**7,634**	5,649	1,503
Net increase in accounts receivable	**(812)**	(1,766)	(789)
Net (increase) decrease in inventories	**(2,458)**	3,544	1,059
Net (increase) decrease in prepaid expenses and other	**104**	225	(170)
Net increase (decrease) in accounts payable	**(3,891)**	(2,389)	523
Net increase (decrease) in accrued expenses and other liabilities	**(944)**	1,812	(3,283)
Net cash provided by operating activities	**69,713**	56,477	37,083
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(28,638)**	(23,008)	(13,102)
Investment in acquisitions, net of cash acquired	**(15,979)**	(275,872)	(43,092)
Net payment of escrow on acquisition of business			(88)
Proceeds from sale of Kansas City facility	**625**		
Proceeds from sale of property, plant and equipment	**1,343**	4,021	810
Other		(32)	(25)
Net cash used in investing activities	**(42,649)**	(294,891)	(55,497)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under revolving lines of credit	**200,868**	155,115	116,228
Payments under revolving lines of credit	**(173,619)**	(198,734)	(76,097)
Borrowings of long-term debt	**1,234**	316,962	
Repayment of long-term debt	**(28,200)**	(17,460)	(11,936)
Payment of York deferred payment	**(14,380)**		
Payment of Labelgraphics deferred payment	**(5,049)**		
Payment of acquisition related contingent consideration		(12,186)	
Proceeds from issuance of common stock	**994**	1,249	342
Excess tax benefit/(deficiency) from stock based compensation	**200**	338	(368)
Debt issuance costs		(8,562)	(1,682)
Dividends paid	**(3,237)**	(2,941)	(2,612)
Net cash (used in)/provided by financing activities	**(21,189)**	233,781	23,875

Effect of foreign exchange rate changes on cash	**(152)**	(505)	1,542
Net (decrease)/increase in cash and cash equivalents	**5,723**	(5,138)	7,003
Cash and cash equivalents, beginning of year	**10,014**	15,152	8,149
Cash and cash equivalents, end of year	**$ 15,737**	$ 10,014	$ 15,152

The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share data)

(1) THE COMPANY

Multi-Color Corporation (Multi-Color, MCC, We, Us, Our or the Company), headquartered in Cincinnati, Ohio, is a leader in global label solutions supporting a number of the world s most prominent brands including leading producers of home & personal care, wine & spirit, food & beverage, healthcare and specialty consumer products. MCC serves international brand owners in North, Central and South America, Europe, Australia, New Zealand, South Africa and China with a comprehensive range of the latest label technologies in Pressure Sensitive, Glue-Applied (Cut and Stack), In-Mold, Shrink Sleeve and Heat Transfer.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

References to 2013, 2012 and 2011 are for the fiscal years ended March 31, 2013, 2012 and 2011, respectively. The consolidated financial statements included herein have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The Company has one reportable segment. Certain prior year balances have been reclassified to conform to current year classifications.

On April 2, 2012, the Company acquired Labelgraphics (Holdings) Ltd., a wine & spirit label specialist located in Glasgow, Scotland. The acquisition expanded MCC s global presence in the wine & spirit label market, particularly in the United Kingdom.

On October 3, 2011, the Company acquired York Label Group (York), including its joint venture in Santiago, Chile. York, which was headquartered in Omaha, Nebraska, is a leader in the home & personal care, food & beverage and wine & spirit label markets with manufacturing facilities in the U.S., Canada and Chile. The acquisition strengthened Multi-Color s presence in its core markets through the combination of the Company s existing customer relationships with York s customer base.

On July 1, 2011, the Company acquired Warszawski Dom Handlowy (WDH), a consumer products and spirit label company located in Warsaw, Poland. WDH supplies a number of large consumer products companies and international brand owners in home & personal care markets, consistent with MCC s large customers in the U.S.

On May 2, 2011, the Company acquired 70% ownership in two label operations in Latin America; one in Santiago, Chile and the other in Mendoza, Argentina. These label operations focus on providing premium labels to the expanding Latin American wine & spirit markets. In September 2011, the Company bought the regional partner s 30% ownership interest in the two label operations in Latin America. As a result, MCC now owns 100% of the acquired label operations in Chile and Argentina. In the fourth quarter of fiscal 2012, we merged the Chilean company into the Chilean operations acquired in the York acquisition.

On April 1, 2011, the Company acquired La Cromografica, an Italian wine label specialist located in Florence, Italy. La Cromografica specializes in high quality wine labels for Italian premium wines and provides further access to the Italian wine label market.

During the third quarter of fiscal 2011, the Company announced plans to invest in establishing label operations in China. The operations, which are located in the major southern city of Guangzhou, became fully operational in the first quarter of fiscal 2012 and serve the Chinese consumer products market.

On October 1, 2010, the Company acquired Monroe Etiquette, a French wine label specialist. The acquisition reinforced MCC s commitment to expanding its global presence in the wine label market.

On July 1, 2010, the Company acquired Guidotti CentroStampa (CentroStampa), a leading European wine & spirit and olive oil label specialist based in Tuscany, Italy. The acquisition expanded MCC s global presence into the European wine & spirit label market and provided an entry into the olive oil label market.

For further information regarding acquisitions, see Note 3 to the Company s consolidated financial statements.

Use of Estimates in Financial Statements

In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue on sales of products when the customer receives title to the goods, which is generally upon shipment or delivery depending on sales terms. Revenues are generally denominated in the currency of the country from which the product is shipped and are net of applicable returns and discounts.

Shipping fees billed to customers are included in net revenues and shipping costs are included in cost of revenues in the consolidated statements of income. Taxes collected from customers and remitted to governmental authorities in applicable jurisdictions are excluded from net revenues.

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Cash and Cash Equivalents

The Company records all highly liquid short-term investments with maturities of three months or less as cash equivalents. At March 31, 2013 and 2012, the Company had cash in foreign bank accounts of $7,699 and $9,239, respectively.

Accounts Receivable

Our customers are primarily major consumer product, food & beverage, and wine & spirit companies and container manufacturers. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. The delinquency of an account receivable is determined based on these factors. The Company does not accrue interest on aged accounts receivable. Allowances are recorded and charged to expense when an account is determined to be uncollectible.

Losses may also depend to some degree on current and future economic conditions. Although future conditions are unknown to us and may result in additional credit losses, we do not anticipate significant adverse credit circumstances in fiscal 2014. If we are unable to collect all or part of the outstanding receivable balance, there could be a material impact on the Company s operating results and cash flows.

Inventories

Inventories are valued at the lower of cost or market value and are maintained using the FIFO (first-in, first-out) or specific identification method. Excess and obsolete cost reductions are generally established based on inventory age.

Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation expense, which includes the amortization of assets recorded under capital leases, is calculated using the straight-line method over the estimated useful lives of the assets, or the remaining terms of the leases, as follows:

Buildings	20-39 years
Machinery and equipment	3-15 years
Computers	3-5 years
Furniture and fixtures	5-10 years

Goodwill and Other Acquired Intangible Assets

Goodwill is not amortized and the Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values. Intangible assets with definite useful lives are amortized over periods of up to twenty years based on a number of assumptions including estimated period of economic benefit and utilization. Intangible assets are also tested for impairment when events or changes in circumstances indicate that the assets carrying values may be greater than their fair values.

Impairment of Long-Lived Assets

We review long-lived assets for impairment when events or changes in circumstances indicate that assets might be impaired and the related carrying amounts may not be recoverable. The determination of whether impairment exists involves various estimates and assumptions, including the determination of the undiscounted cash flows estimated to be generated by the assets involved in the review. The cash flow estimates are based upon our historical experience, adjusted to reflect estimated future market and operating conditions. Measurement of an impairment loss requires a determination of fair value. We base our estimates of fair values on quoted market prices when available, independent appraisals as appropriate and industry trends or other market knowledge. Changes in the market condition and/or losses of a production line could have a material impact on the consolidated statements of income.

Income Taxes

The Company is subject to income taxes in both the United States and numerous foreign jurisdictions. Income taxes are recorded based on the current year amounts payable or refundable. Deferred income taxes are recognized at the enacted tax rates for the expected future tax consequences related to temporary differences between amounts reported for income tax purposes and financial reporting purposes as well as any tax attributes. Deferred income taxes are not provided for the undistributed earnings of subsidiaries operating outside of the U.S. that have been permanently reinvested in foreign operations.

We regularly review our deferred income tax balances for each jurisdiction to estimate whether these deferred income tax balances are more likely than not to be realized based on the information currently available. Projected future taxable income is based on forecasted results and assumptions as to the jurisdiction in which the income will be earned. The timing of reversals of any existing temporary differences is based on our methods of accounting for income taxes and current tax legislation. Unless the deferred tax balances are more likely than not to be realized, a valuation allowance is established to reduce the carrying values of any deferred tax balances until circumstances indicate that realization becomes more likely than not.

The Company establishes reserves for income tax related uncertainties based on estimates of whether it is more likely than not that the tax uncertainty would be sustained upon challenge by the appropriate tax authorities which would then result in additional taxes, penalties and interest due. Provisions for and changes to these reserves and any related net interest and penalties are included in income tax expense in the consolidated statements of income. Significant judgment is required when evaluating our tax provisions and determining our provision for income taxes. We regularly review our tax positions and we adjust the reserves as circumstances change.

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Earnings per Common Share

Basic earnings per common share (EPS) is computed by dividing net income attributable to Multi-Color Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Multi-Color Corporation by the sum of the weighted average number of common shares outstanding during the period plus if dilutive, potential common shares outstanding during the period. Potential common shares outstanding during the period consist of restricted shares and the incremental common shares issuable upon the exercise of stock options and are reflected in diluted EPS by application of the treasury stock method.

Advertising Costs

Advertising costs are charged to expense as incurred and were minimal in 2013, 2012 and 2011.

Research and Development Costs

Research and development costs are charged to expense as incurred and were $3,763, $3,494, and $2,628 in 2013, 2012 and 2011, respectively.

Derivative Financial Instruments

The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the balance sheet at fair value and recognizing the resulting gains or losses as adjustments to earnings or accumulated other comprehensive income. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company manages interest costs using a mixture of fixed rate and variable rate debt. Additionally, the Company enters into interest rate swaps (Swaps) whereby it agrees to exchange with a counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount.

The Company s Swaps have been designated as effective cash flow hedges at inception. The Company evaluates effectiveness on an ongoing quarterly basis and therefore, any changes in fair value are recorded in other comprehensive income. If a hedge or portion thereof is determined to be ineffective, any changes in fair value would be recorded in the consolidated statements of income.

The Company manages foreign currency exchange rate risk by entering into forward currency contracts. The forward contracts have been designated as effective fair value hedges at inception. The Company evaluates effectiveness on an ongoing quarterly basis and therefore, any changes in fair value are recorded in the consolidated statements of income to offset the foreign currency effect of the transactions.

Fair Value Measurements

The carrying value of financial instruments approximates fair value.

The Company defines fair value as 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. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1 Quoted market prices in active markets for identical assets and liabilities

Level 2 Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3 Unobservable inputs

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

The Company has three non-amortizing interest rate swaps with a total notional amount of $125,000 at March 31, 2013 to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Company adjusts the carrying value of these derivatives to their estimated fair values and records the adjustment in accumulated other comprehensive income.

The Company has entered into multiple forward contracts to fix the U.S. dollar value of presses, other equipment, and intercompany loans. The forward contracts were designated as fair value hedges. The Company adjusts the carrying value of the derivative to the estimated fair value and records the adjustment in the consolidated statements of income.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in goodwill and other intangible asset impairment analyses, the valuation of acquired intangibles and in the valuation of assets held for sale. The Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values.

Foreign Exchange

The functional currency of each of the Company s subsidiaries is the currency of the country in which the subsidiary operates. Assets and liabilities of foreign operations are translated using period end exchange rates, and revenues and expenses are translated using average exchange rates during each period. Translation gains and losses are reported in accumulated other comprehensive income as a component of stockholders equity and were a loss of $6,589 and $5,580 during fiscal 2013 and 2012, respectively. Transaction gains and losses are reported in other income and expense in the consolidated statements of income.

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued.

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New Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued revised accounting guidance on the reporting of reclassifications out of accumulated other comprehensive income. The amendment requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is required to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2012, which for the Company is the fiscal year beginning April 1, 2013. This guidance is not expected to have a material impact on the Company.

In December 2011, the FASB issued revised accounting guidance to enhance current disclosures around financial instruments and transactions eligible for offset in the financial statements and transactions subject to a master netting arrangement or similar agreement. The amendment will help facilitate a comparison between entities that prepare their financial statements on the basis of U.S. GAAP and those that prepare their financial statements on the basis of International Financial Reporting Standards (IFRS). In January 2013, the FASB issued revised accounting guidance clarifying the scope of the disclosures to apply only to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions that are either offset in the financial statements or subject to a master netting arrangement or similar agreement. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods, which for the Company is the fiscal year beginning April 1, 2013, with retrospective application required. This guidance is not expected to have a material impact on the Company.

In September 2011, the FASB issued revised accounting guidance to simplify how an entity tests goodwill for impairment. The amendment allows companies to assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. This guidance is effective for fiscal years beginning after December 15, 2011, which for the Company was the fiscal year beginning April 1, 2012, with early adoption permitted. This guidance did not have a material impact on the Company.

In June 2011, the FASB issued revised accounting guidance to modify the presentation requirements for comprehensive income. The amendment gives an entity the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendment eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, which for the Company was the fiscal year beginning April 1, 2012. The Company adopted this amended standard by presenting Consolidated Statements of Comprehensive Income after the Consolidated Statements of Income. This guidance did not have a material impact on the Company, as this standard only affects the display of comprehensive income and does not affect what is included in comprehensive income.

In May 2011, the FASB issued revised accounting guidance to develop common requirements for measuring fair value and for disclosing information about fair value measurements under U.S. GAAP and IFRS. The amendment does not require additional fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011, which for the Company was the fiscal quarter beginning January 1, 2012. This guidance did not have a material impact on the Company.

(3) ACQUISITIONS

Labelgraphics (Holdings) Ltd. (Labelgraphics) Summary

On April 2, 2012, the Company acquired 100% of Labelgraphics, a wine & spirit label specialist located in Glasgow, Scotland. The acquisition expanded MCC s global presence in the wine & spirit label market, particularly in the United Kingdom. The results of Labelgraphics operations were included in the Company s consolidated financial statements beginning April 2, 2012.

The purchase price for Labelgraphics consisted of the following:

Cash from proceeds of borrowings	$ 16,024

Deferred payment	5,149
Contingent consideration	3,461
Purchase price, before debt assumed	24,634
Net debt assumed	712
Total purchase price	$ 25,346

The cash portion of the purchase price was funded through borrowings under the Credit Facility (see Note 8 for details of the Credit Facility). Assumed net debt includes $757 of bank debt and capital leases less $45 of cash acquired. The purchase price includes a future performance based earn out of approximately 15% of the above total which will be paid out in July 2014 assuming certain financial targets are met. The Company spent $387 in acquisition expenses related to the Labelgraphics acquisition, which was recorded in selling, general and administrative expense in the consolidated statements of income.

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Adhesion Holdings, Inc (York Label Group) Summary

On October 3, 2011, the Company acquired 100% of York Label Group (York), including its joint venture in Santiago, Chile. York, which was headquartered in Omaha, Nebraska, is a leader in the home & personal care, food & beverage and wine & spirit label markets with manufacturing facilities in the U.S., Canada and Chile. The acquisition strengthened Multi-Color s presence in its core markets through the combination of the Company s existing customer relationships with York s customer base.

The Company plans to leverage York s strength in pressure sensitive label technologies to expand into new market segments. In addition, Multi-Color can offer all label technologies including IML, Heat Transfer and Shrink Sleeve to York s customers. The combined entities of Multi-Color and York anticipate opportunities to leverage raw material purchases and streamline suppliers. The results of York s operations have been included in the Company s consolidated financial statements beginning October 3, 2011.

The purchase price for York consisted of the following:

Cash from proceeds of borrowings	$ 261,211
MCC common stock (2,664 shares issued)	46,684
Deferred payment	21,309
Purchase price, before debt assumed	329,204
Net debt assumed	9,870
Total purchase price	$ 339,074

The Company issued 2,664 shares of its common stock to York with a restriction on sale or transfer within two years of the closing date. All shares are restricted from sale until the one year anniversary of the closing date of the transaction and 50% of the shares are restricted from sale from the one year anniversary date to the two year anniversary date of the closing of the transaction. The value of this stock was based on the estimated fair value determined using the average share price ($21.91 per share) of common shares on October 3, 2011, the day of the closing of the transaction. The stock value was then reduced by 20% to reflect the estimated fair value of the discount for the one to two year sale restriction as determined by an independent valuation.

The cash portion of the purchase price was funded through borrowings under the amended Credit Facility (see Note 8 for details of the Credit Facility). Assumed net debt included $10,479 of bank debt and capital leases, less $609 of cash acquired. Of the purchase price, $21,309 was to be paid on April 1, 2012 and of this amount, $2,500 was required to be deposited into an escrow account to satisfy DLJ South American Partners, L.P. (DLJ) s indemnification obligations with respect to the transaction. On April 1, 2012, the Company paid DLJ $11,880 and deposited $2,500 into escrow in accordance with the Purchase Agreement. The balance due DLJ ($6,929) is subject to dispute as further described in Note 17 and was placed into a separate escrow account controlled by the Company. The Company spent $1,386 in acquisition expenses related to the acquisition of York.

Warszawski Dom Handlowy (WDH) Summary

On July 1, 2011, the Company acquired WDH, a consumer products and spirit label company located in Warsaw, Poland. WDH supplies a number of large consumer products companies and international brand owners in home & personal care markets, consistent with MCC s large customers in the U.S. The results of WDH s operations have been included in the Company s consolidated financial statements beginning July 1, 2011.

The purchase price for WDH consisted of the following:

Cash from proceeds of borrowings	$ 3,953
Amount held in escrow	450
Deferred payment	438
Contingent consideration	2,919

Purchase price, before debt assumed	7,760
Net debt assumed	4,019
Total purchase price	$ 11,779

The cash portion of the purchase price was funded through borrowings under the Credit Facility (see Note 8 for details of the Credit Facility). Assumed net debt included $4,023 of capital leases and other debt, less $4 of cash acquired. The Company had $390 and $398 in escrow at March 31, 2013 and March 31, 2012, respectively, which is deferred for three years after the closing date. Any change in escrow amounts would represent an offset to additional assumed liabilities with no change in the purchase price**.** The Company spent $181 in acquisition expenses related to the acquisition of WDH.

The acquisition agreement provides for a contingent payment to be made to the selling shareholders if certain financial targets are reached. The financial targets were reached in calendar year 2011 and the contingent payment and deferred payment were made in the fourth quarter of fiscal year 2012.

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La Cromografica Summary

On April 1, 2011, the Company acquired La Cromografica, an Italian wine label specialist located in Florence, Italy. La Cromografica specializes in high quality wine labels for premium Italian wines and provides further access to the Italian wine label market. The results of La Cromografica s operations have been included in the Company s consolidated financial statements beginning April 1, 2011.

The purchase price for La Cromografica consisted of the following:

Cash from proceeds of borrowings	$ 9,880
Net debt assumed	1,628
Total purchase price	$ 11,508

The purchase price was paid at the end of June 2011 and funded through $9,880 of borrowings under the Credit Facility (see Note 8 for details of the Credit Facility). The Company assumed net debt of $1,628 which included $2,083 of bank debt and capital leases less $455 of cash acquired. The Company spent $41 in acquisition expenses related to the La Cromografica acquisition.

Purchase Price Allocation and Other Items

The determination of the final purchase price and its allocation to specific assets acquired and liabilities assumed for Labelgraphics was finalized during the fourth quarter of fiscal year 2013 once independent fair value appraisals of assets and liabilities and valuation of tax liabilities were finalized. The determination of the final purchase price and its allocation to specific assets acquired and liabilities assumed for York was finalized during the third quarter of fiscal year 2013 after fair value appraisals of assets and valuation of tax liabilities were finalized. The determination of the final purchase price and its allocation to specific assets acquired and liabilities assumed for WDH was finalized during the first quarter of fiscal year 2013 after fair value appraisals of assets and valuation of tax liabilities were finalized. The determination of the final purchase price and its allocation to specific assets acquired and liabilities assumed for La Cromografica was finalized during the fourth quarter of fiscal year 2012 after fair value appraisals of assets and valuation of tax liabilities were finalized. There were no material changes to the preliminary purchase price or related allocation for Labelgraphics, York, WDH or La Cromografica.

Based on fair value estimates, the final purchase price for La Cromografica, WDH, York and Labelgraphics has been allocated to individual assets acquired and liabilities assumed as follows:

	La Cromografica	WDH	York	Labelgraphics
Assets Acquired:				
Cash, less debt assumed	$	$	$	$
Accounts receivable	4,534	2,673	33,410	3,275
Inventories	1,254	1,000	20,460	1,794
Property, plant and equipment	5,638	3,486	54,795	8,680
Intangible assets	1,280	2,393	82,500	10,319
Goodwill	3,488	6,709	176,714	9,786
Other assets	30	703	9,570	2,679
Total assets acquired	16,224	16,964	377,449	36,533
Liabilities Assumed:				
Accounts payable	2,320	3,765	20,911	6,954
Accrued income taxes payable			324	693
Accrued expenses and other liabilities	1,287	981	12,068	375
Net debt assumed	1,628	4,019	9,870	712
Deferred tax liabilities	1,109	439	5,072	3,165

Total liabilities assumed	6,344	9,204	48,245	11,899
Net assets acquired	$ 9,880	$ 7,760	$ 329,204	$ 24,634

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The estimated fair value of identifiable intangible assets and their estimated useful lives are as follows:

	La Cromografica		WDH		York		Labelgraphics	
	Fair Value	Useful Lives	Fair Value	Useful Lives	Fair Value	Useful Lives	Fair Value	Useful Lives
Customer relationships	$ 1,138	16 years	$ 2,393	18 years	$ 82,500	17 years	$ 9,775	20 years
Trademarks	142	2 years					320	2 years
Non-compete agreements							224	5 years
Total identifiable intangible assets	$ 1,280		$ 2,393		$ 82,500		$ 10,319	

Identifiable intangible assets are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization. The Company expects amortization expense related to the fiscal 2013 and 2012 acquisitions to be approximately $5,700 annually for the next five years.

None of the goodwill arising from the La Cromografica, WDH or Labelgraphics acquisitions is deductible for income tax purposes. Approximately $50,381 of the goodwill arising from the York acquisition is deductible for income tax purposes. Below is a roll forward of the acquisition goodwill from acquisition date to March 31, 2013:

	La Cromografica	WDH	York	Labelgraphics
Balance at acquisition date	$ 3,488	$ 6,709	$ 176,714	$ 9,786
Foreign exchange impact	(345)	(913)	(1,933)	(502)
Balance at March 31, 2013	$ 3,143	$ 5,796	$ 174,781	$ 9,284

The goodwill for La Cromografica is attributable to the workforce of the acquired business and the access to two significant markets, the olive oil label market and the Italian wine label market. Italy represents approximately 20% of the world s wine production and is also a leading producer of olive oils. The goodwill for WDH is attributable to access to the Eastern European pressure sensitive label market and the workforce of the acquired business. The goodwill for York is attributable to strengthening MCC s presence in home & personal care, food & beverage and wine & spirit label markets in North America and Chile and the workforce of the acquired business. The goodwill for Labelgraphics is attributable to access to the UK spirit label market and the acquired workforce.

The accounts receivable acquired as part of the La Cromografica acquisition had a fair value of $4,534 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $4,620 and the estimated contractual cash flows that are not expected to be collected are $86. The accounts receivable acquired as part of the WDH acquisition had a fair value of $2,673 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $3,132 and the estimated contractual cash flows that are not expected to be collected are $459. The accounts receivable acquired as part of the York acquisition had a fair value of $33,410 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $35,378 and the estimated contractual cash flows that are not expected to be collected are $1,968. The accounts receivable acquired as part of the Labelgraphics acquisition had a fair value of $3,275 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $3,403 and the estimated contractual cash flows that are not expected to be collected are $128.

The net revenues and net income for Labelgraphics are included in the consolidated statements of income for the year ended March 31, 2013. The net revenues and net income for the year ended March 31, 2013 attributable to Labelgraphics were $22,493 and $781, respectively. The combined net revenues and net income for the year ended March 31, 2012 for CentroStampa, Monroe Etiquette, La Cromografica, WDH and York were $195,181 and $6,321, respectively. The combined net revenues and net income for CentroStampa and Monroe Etiquette were $44,322 and $4,370, respectively, for the year ended March 31, 2011.

Pro Forma Information

The following table provides the unaudited pro forma results of operations for the year ended March 31, 2013 and 2012 as if WDH, York and Labelgraphics had been acquired as of the beginning of fiscal year 2012. The pro forma results include certain purchase accounting adjustments, such as capital lease adjustments, the estimated changes in depreciation, intangible asset amortization, inventory step-up and interest expense. However, pro forma results do not include any anticipated synergies from the combination of the companies, and accordingly, are not necessarily indicative of the results that would have occurred if the acquisitions had occurred on the dates indicated or that may result in the future.

	2013	2012
Net revenues	**$ 659,815**	$ 655,817
Net income attributable to Multi-Color	**$ 30,300**	$ 10,405
Diluted earnings per share	**$ 1.86**	$ 0.59

Pro forma information was prepared for the financial results of WDH, York and Labelgraphics for the year ended March 31, 2012 as if these acquisitions had occurred at the beginning of the period. Net income for the year ended March 31, 2012 includes a non-recurring loss on extinguishment of debt recorded by York of $13,569, prior to acquisition. Below is a table detailing a reconciliation of actual net revenues and net income to the pro forma net revenues and net income:

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	2012	
	Net Revenues	Net Income
Multi-Color Corporation actual results	$ 510,247	$ 19,700
Acquired companies results	145,570	(13,206)
Pro forma adjustments		3,911
Pro forma results	$ 655,817	$ 10,405

Below is a table detailing the pro forma adjustments:

	2012
Present value of earnout payment for Labelgraphics	$ (47)
Acquired intangibles amortization	709
Amortization of debt issuance costs relating to the amendment of the credit facility	997
Depreciation expense related to capital leases	(158)
Lease expense related to capital leases	(317)
Interest expense related to capital leases	(54)
Depreciation expense adjustment	1,470
Interest expense adjustment	4,691
Finished goods inventory adjustment	(471)
Acquisition expense adjustment	1,158
Income taxes	(3,587)
Other adjustments	(480)
Total pro forma adjustments	$ 3,911

Other Acquisition Activity

On May 2, 2011, the Company entered into agreements to buy 70% ownership in two label operations in Latin America; one in Santiago, Chile and the other in Mendoza, Argentina with a regional partner owning the remaining 30%. MCC s investment including debt assumed was approximately $3,900. These companies focus on providing premium labels to the expanding Latin American wine & spirit markets. The results of operations of these acquired businesses have been included in the consolidated financial statements since the date of the acquisition and have been determined to be individually and collectively immaterial for further disclosure.

In September 2011, the Company bought the regional partner s 30% ownership interest in the two label operations in Latin America for 40 shares of Multi-Color common stock. As a result, MCC now owns 100% of the label operations in Chile and Argentina.

Non-controlling interests at acquisition date	$ 939
Loss attributable to non-controlling interests	(32)
Foreign exchange	(65)
Buy-out of non-controlling interests	(842)
Non-controlling interests at March 31, 2012	$

During the third quarter of fiscal 2011, MCC announced plans to invest in establishing label operations in China. MCC is located in the major southern city of Guangzhou, near many national and international consumer product brand owners. The business became fully operational in the first quarter of fiscal 2012.

On October 1, 2010, the Company acquired Monroe Etiquette for $9,896, plus net debt assumed. The seller received approximately 89% of the proceeds in the form of cash on October 1, 2010. The remaining 11% of the purchase price will be paid in cash, but is deferred for five years after the closing date.

On July 1, 2010, the Company acquired Guidotti CentroStampa for $58,199, less net debt assumed. The selling shareholders agreed to indemnify MCC with respect to the acquisition, including certain losses arising out of a breach of their warranties or covenants under the acquisition agreement. The acquisition agreement provides that 5% of the purchase price is subject to achieving certain financial targets and subject to certain quantitative measures. On December 31, 2010, certain financial targets subject to certain quantitative measures required to realize the contingent payment were satisfied in full and the entire liability was paid in July 2011. An additional 10% is held in escrow for up to five years to fund certain potential indemnification obligations of the selling shareholders. The Company had $4,025 and $5,617 at March 31, 2013 and March 31, 2012, respectively, in this escrow account. The escrow will be released from the first to the fifth

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anniversary of the date of closing in the amount of 2% of the purchase price per year in accordance with the provisions of the escrow agreement.

(4) ACCOUNTS RECEIVABLE ALLOWANCE

The Company s customers are primarily major consumer product, food & beverage, and wine & spirit companies and container manufacturers. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. The following table summarizes the activity in the allowance for doubtful accounts:

	2013	2012	2011
Balance at beginning of year	**$ 1,070**	$ 584	$ 533
Provision	**827**	560	112
Accounts written-off	**(227)**	(64)	(94)
Foreign exchange	**(18)**	(10)	33
Total	**$ 1,652**	$ 1,070	$ 584

(5) INVENTORIES

The Company s inventories as of March 31 consisted of the following:

	2013	2012
Finished goods	**$ 26,839**	$ 21,534
Work-in-process	**7,918**	8,977
Raw materials	**18,533**	17,569
Total gross inventory	**53,290**	48,080
Inventory reserves	**(4,556)**	(3,904)
Total	**$ 48,734**	$ 44,176

(6) PROPERTY, PLANT AND EQUIPMENT

The Company s property, plant and equipment as of March 31 consisted of the following:

	2013	2012
Land and buildings	**$ 37,494**	$ 32,212
Machinery and equipment	**219,662**	201,514
Furniture, fixtures, computer equipment and software	**17,784**	16,879
Construction in progress	**11,785**	6,735
Property, plant and equipment, gross	**286,725**	257,340
Accumulated depreciation	**(108,173)**	(84,203)

Property, plant and equipment, net	**$ 178,552**	$ 173,137

Total depreciation expense for 2013, 2012 and 2011 was $26,851, $20,718 and $13,173, respectively.

(7) GOODWILL AND INTANGIBLE ASSETS

Goodwill is not amortized and the Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values. Intangible assets with definite useful lives are amortized over periods of up to twenty years based on a number of assumptions including estimated period of economic benefit and utilization. Intangible assets are also tested for impairment when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values.

The Company completed its annual goodwill impairment test in the fourth quarter of fiscal 2013. The Company elected to bypass the qualitative assessment allowed by the revised accounting guidance and proceed directly to performing the first step of the two-step goodwill impairment test. The first step of the impairment test compares the fair value of the Company to the carrying value. The fair value was independently calculated by American Appraisal as of February 28, 2013 by calculating Multi-Color s marketable control equity value and comparing it to the Company s book value of equity. The result of the first step did not indicate potential impairment as the estimated fair value of its reporting unit exceeded the carrying value by approximately $185,000. As a result, the second step of the impairment test was not required.

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The Company s goodwill consisted of the following:

Balance at March 31, 2011	$ 158,553
Acquisition of La Cromografica	3,488
Acquisition of WDH	6,709
Acquisition of York	177,705
Other acquisitions	938
Currency translation	(5,204)
Balance at March 31, 2012	$ 342,189
Acquisition of Labelgraphics	**9,786**
Adjustment to York acquisition	**(991)**
Currency translation	**(3,313)**
Balance at March 31, 2013	**$ 347,671**

The $991 reduction to goodwill arising from the York acquisition includes a $400 increase in the fair value of intangible assets based on a revision to the inputs used in the independent appraisal of customer relationships during the first quarter of fiscal 2013. The remaining net $206 change during the first and second quarter of fiscal 2013 consists of adjustments recorded to the valuation of inventory, primarily a $222 true-up of inventory that, based on the best available information at the time, was fully reserved in the opening balance sheet. Upon a detailed review completed in the first quarter of fiscal 2013, it was determined that a portion of this inventory could be used in operations. During the third quarter of fiscal 2013, goodwill arising from the York acquisition decreased $385 due to the completion of the reconciliation of the opening balance sheet for the foreign operations in Chile at the beginning of the third quarter. This resulted in numerous reclassifications among trade receivables, inventory, prepaid expenses, accounts payable and accrued liabilities and adjustments to goodwill for prepaid expenses, receivables and liabilities that existed at the acquisition date. The Company also finalized the valuation of tax liabilities in the third quarter of fiscal 2013. The net $991 increase in the value of net assets acquired resulted in an offsetting decrease to goodwill.

During the fourth quarter of fiscal 2013, a $684 increase to goodwill arising from the Labelgraphics acquisition was recorded due to finalization of the valuation of tax liabilities.

See Note 3 to our consolidated financial statements for further information regarding the acquisitions of La Cromografica, WDH, York and Labelgraphics.

The Company s intangible assets as of March 31, 2013 consisted of the following:

	Balance at cost at March 31, 2012	**Labelgraphics Acquisition**	**Adjustment to York Acquisition**	**Foreign Exchange**	**Intangibles at Cost**	**Accumulated Amortization**	**Net Intangibles at March 31, 2013**
Customer relationships	$ 127,322	**$ 9,775**	**$ 400**	**$ (1,176)**	**$ 136,321**	**$ (21,374)**	**$ 114,947**
Technologies	1,608			**(10)**	**1,598**	**(1,141)**	**457**
Trademarks	705	**320**		**(13)**	**1,012**	**(860)**	**152**
Licensing intangible	2,468			**(60)**	**2,408**	**(1,349)**	**1,059**
Non-compete agreement		**224**		**(10)**	**214**	**(44)**	**170**
Total	$ 132,103	**$ 10,319**	**$ 400**	**$ (1,269)**	**$ 141,553**	**$ (24,768)**	**$ 116,785**

The Company s intangible assets as of March 31, 2012 consisted of the following:

	Balance at cost at March 31, 2011	Fiscal 2012 Acquisitions	Foreign Exchange	Intangibles at Cost	Accumulated Amortization	Net Intangibles at March 31, 2012
Customer relationships	$ 42,064	$ 85,631	$ (373)	$ 127,322	$ (12,858)	$ 114,464
Technologies	1,620		(12)	1,608	(903)	705
Trademarks	573	142	(10)	705	(638)	67
Licensing intangible	2,582		(114)	2,468	(876)	1,592
Total	$ 46,839	$ 85,773	$ (509)	$ 132,103	$ (15,275)	$ 116,828

The intangible assets were established in connection with completed acquisitions. They are amortized, using the straight-line method, over their estimated useful lives based on a number of assumptions including customer attrition rates, percentage of revenue attributable to technologies, royalty rates and projected future revenue growth. The weighted average amortization period for these assets is 17 years. Total amortization expense for 2013, 2012 and 2011 was $9,493, $6,456 and $3,321, respectively.

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The estimated useful lives for each intangible asset class are as follows:

Customer relationships	7 to 20 years
Technologies	7 to 8 years
Trademarks	1 to 2 years
Licensing intangible	5 years
Non-compete agreement	5 years

The annual estimated amortization expense for future years is as follows:

Fiscal 2014	$ 9,041
Fiscal 2015	8,869
Fiscal 2016	8,299
Fiscal 2017	8,182
Fiscal 2018	8,139
Thereafter	74,255
Total	$ 116,785

(8) DEBT

The components of the Company s debt consisted of the following as of March 31:

	2013	2012
U.S. Revolving Credit Facility, 3.95% and 4.12% weighted variable interest rate at March 31, 2013 and March 31, 2012, respectively, due in 2016	**$ 88,125**	$ 60,900
Term Loan Facility, 3.78% and 3.97% variable interest rate at March 31, 2013 and March 31, 2012, respectively, due in quarterly installments from 2008 to 2016	**309,375**	325,875
Capital leases	**2,747**	13,022
Other subsidiary debt	**2,609**	2,258
Total debt	**402,856**	402,055
Less current portion of debt	**(23,946)**	(24,471)
Total long-term debt	**$ 378,910**	$ 377,584

The following is a schedule of future annual principal payments as of March 31, 2013:

	Debt	Capital Leases	Total
Fiscal 2014	$ 22,253	$ 1,693	$ 23,946
Fiscal 2015	33,838	911	34,749
Fiscal 2016	37,268	143	37,411
Fiscal 2017	306,750		306,750
Fiscal 2018			
Total	$ 400,109	$ 2,747	$ 402,856

On February 29, 2008, the Company executed a five year $200,000 credit agreement with a consortium of bank lenders (Credit Facility) with an original expiration date in 2013. The Company completed the first amendment to the Credit Facility in June 2010 and the second amendment in March 2011. In August 2011, the Company executed the third amendment to the Credit Facility. The third amendment increased the aggregate principal amount to $500,000 with an additional $315,000 term loan to be made available to the Company in a single drawing. The third amendment extended the expiration date of the Credit Facility from April 2014 to August 2016, updated the financial covenants and increased the interest rate margins over the applicable Eurocurrency or Australian Bank Bill Swap Rate (BBSY) and increased the commitment fee. In October 2011, the Company drew down on the additional term loan in conjunction with the York Label Group acquisition (see Note 3). Upon drawing down on the additional term loan, the maximum leverage ratio permitted increased to 4.25 to 1.00 with scheduled step downs and the consolidated interest coverage ratio is not to be less than 4.00 to 1.00. The interest rate margins for loans based on LIBOR and BBSY range from 2.00% to 3.50%. The Credit Facility contains an election to increase the facility by up to an additional $100,000 subject to agreement by one or more lenders to increase its commitment. In September 2011, the Company entered into the fourth amendment to the Credit Facility. The fourth amendment excluded certain subsidiaries of the York Label Group from the requirements to become guarantors under the Credit Facility. In November 2012, the Company entered into the fifth amendment to the Credit Facility. The fifth amendment increased the maximum consolidated leverage ratio permitted to 4.50 to 1.00 for December 31, 2012 through March 31, 2013 with scheduled step downs.

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At March 31, 2013, the aggregate principal amount of $479,375 under the Credit Facility is comprised of the following: (i) a $130,000 revolving Credit Facility that allows the Company to borrow in alternative currencies up to the equivalent of $50,000 (U.S. Revolving Credit Facility); (ii) the Australian dollar equivalent of a $40,000 revolving Credit Facility (Australian Sub-Facility); and (iii) a $309,375 term loan facility (Term Loan Facility) which amortizes quarterly based on an escalating percentage of the initial aggregate value of the Term Loan Facility. The Term Loan Facility amortizes quarterly based on the following schedule: (i) March 31, 2013 through December 31, 2013 amortization of $4,125, (ii) March 31, 2014 through December 31, 2015 amortization of $8,250 and (iii) March 31, 2016 through June 30, 2016 amortization of $12,375, with the balance due at maturity.

The Company incurred $8,562 of debt issuance costs in fiscal 2012 related to the debt modification which are being deferred and amortized over the life of the amended Credit Facility. In conjunction with the modification to our debt in the third amendment to the Credit Facility, we analyzed the new loan costs related to the amended Credit Facility and the existing unamortized loan costs related to the prior agreement allocated to the revolving line of credit, prior term loan and amended term loan separately to determine the amount of costs to be capitalized and the amount to be expensed. As a result of the analysis, the Company recorded a charge to interest expense of $490 to write-off certain deferred financing fees, which were paid to originate the prior agreement, including the unamortized portion of the loan costs allocated to creditors no longer participating in the amended Credit Facility. The unamortized portion of loan costs allocated to creditors participating in both the original and amended Credit Facility are being amortized over the term of the modified agreement.

The Company recorded $1,979 and $1,474 in interest expense for the years ending March 31, 2013 and 2012, respectively, in the consolidated statements of income to amortize deferred financing costs.

The Credit Facility may be used for working capital, capital expenditures and other corporate purposes. Loans under the U.S. Revolving Credit Facility and Term Loan Facility bear interest either at: (i) base rate (as defined in the credit agreement) plus the applicable margin for such loans which ranges from 1.00% to 2.50%; or (ii) the applicable London interbank offered rate, plus the applicable margin for such loans which ranges from 2.00% to 3.50% based on the Company s leverage ratio at the time of the borrowing. Loans under the Australian Sub-Facility bear interest at the BBSY Rate plus the applicable margin for such loans, which ranges from 2.00% to 3.50% based on the Company s leverage ratio at the time of the borrowing.

Available borrowings under the Credit Facility at March 31, 2013 consisted of $41,875 under the U.S. Revolving Credit Facility and $40,000 under the Australian Sub-Facility. The Company also has various other uncommitted lines of credit available at March 31, 2013 in the amount of $8,645.

The Credit Facility contains customary representations and warranties as well as customary negative and affirmative covenants which require the Company to maintain the following financial covenants at March 31, 2013: (i) a minimum consolidated net worth; (ii) a maximum consolidated leverage ratio of 4.50 to 1.00 and (iii) a minimum consolidated interest charge coverage ratio of 4.00 to 1.00. The Credit Facility contains customary mandatory and optional prepayment provisions, customary events of default, and is secured by the capital stock of subsidiaries, intercompany debt and all of the Company s property and assets, but excluding real property. The Company is in compliance with all covenants under the Credit Facility as of March 31, 2013.

Capital Leases

The present value of the net minimum payments on the capitalized leases as of March 31 is as follows:

	2013	2012
Total minimum lease payments	**$ 2,858**	$ 13,606
Less amount representing interest	**(111)**	(584)
Present value of net minimum lease payments	**2,747**	13,022
Current portion	**(1,693)**	(7,027)
Capitalized lease obligations, less current portion	**$ 1,054**	$ 5,995

Included in the consolidated balance sheet as of March 31, 2013 under property, plant and equipment are cost and accumulated depreciation related to capitalized leases of $10,465 and $3,320, respectively. Included in the consolidated balance sheet as of March 31, 2012 under property, plant and equipment are cost and accumulated depreciation related to capitalized leases of $37,805 and $9,669, respectively. The capitalized leases carry interest rates from 2% to 9% and mature from fiscal 2014 to fiscal 2016.

(9) FINANCIAL INSTRUMENTS

Historically, the Company has used interest rate swap agreements (Swaps) in order to manage its exposure to interest rate fluctuations under variable rate borrowings. Swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between the two parties. The Swaps have been designated as cash flow hedges, with the effective portion of the gains and losses, net of tax, recorded in accumulated other comprehensive income.

In April 2008, the Company entered into two Swaps, a $40,000 non-amortizing Swap and a $40,000 amortizing Swap, to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Swaps expired in February 2013 and resulted in interest payments based on fixed rates of 3.45% for the non-amortizing Swap and 3.04% for the amortizing Swap, plus the applicable margin per the requirements in the Credit Facility ranging from 2.00% to 3.50% based on the Company s leverage ratio. The notional balance of the amortizing Swap was $8,000 at March 31, 2012.

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In October 2011, in connection with the draw down of the $315,000 term loan for the acquisition of York, the Company entered into three forward starting non-amortizing Swaps for a total notional amount of $125,000 to convert variable rate debt for fixed rate debt. The Swaps are effective October 2012 and expire in August 2016. The Swaps result in interest payments based on an average fixed rate of 1.396% plus the applicable margin per the requirements in the Credit Facility.

The Swaps were designated as highly effective cash flow hedges, with the effective portion of gains and losses, net of tax, recorded in accumulated other comprehensive income and measured on an ongoing basis. At March 31, 2013 and 2012, the fair value of the Swaps was a net liability of $3,465 and $2,286, respectively, and was included in other liabilities on the consolidated balance sheets. See Note 20 for additional information on the fair value of the Swaps. In October 2011, the Company purchased a one year 2% interest rate cap on a total notional value of $125,000 for $25.

Foreign currency exchange risk arises from our international operations in Australia, Europe, South America, Canada, China and South Africa as well as from transactions with customers or suppliers denominated in foreign currencies. The functional currency of each of the Company s subsidiaries is the currency of the country in which the subsidiary operates. At times, the Company uses forward currency contracts to manage the impact of fluctuations in currency exchange rates.

In June 2010, the Company entered into two foreign currency contracts to fix the U.S. dollar value of a press to be purchased in Euros in two installments due September 2010 and September 2011. The press was delivered in September 2010 to the Batavia, Ohio plant and the first forward contract was settled. The second forward contract was settled in September 2011. The forward contracts were designated as fair value hedges and changes in the fair value of the contracts were recorded in the consolidated statement of income.

On July 1, 2010, the Company entered into a Euro 32,000 revolving loan that was designated under hedge accounting as a non-derivative economic hedge of the net investment in foreign operations. Gains and losses on the effective portions of non-derivatives designated under net investment hedge accounting were recognized in accumulated other comprehensive income to offset the change in the value of the net investment being hedged. The balance in equity is recognized in the consolidated statement of income when the related foreign subsidiary is disposed. The gains and losses on de-designated loans are recognized immediately in the consolidated statement of income. In August 2011, in conjunction with the third amendment to the Credit Facility, the Company repaid the Euro revolving loan in full.

At March 31, 2013, the Company had entered into multiple foreign currency forward contracts to fix the U.S. dollar value of presses, other equipment and intercompany loans. The forward contracts are designated as fair value hedges and changes in the fair value of the contracts are recorded in the statement of income in the same period during which the related item affects the statement of income. The net fair value of the contracts is a liability of $73 and $2 at March 31, 2013 and 2012, respectively. See Note 20 for additional information on the fair value of the contracts.

(10) ACCRUED EXPENSES AND OTHER LIABILITIES

The Company s accrued expenses and other liabilities consist of the following as of March 31:

	2013	2012
Deferred payment (1)	**$ 6,929**	$ 21,309
Accrued payroll and benefits	**15,076**	14,849
Unrecognized tax benefits (including interest and penalties)	**225**	633
Accrued income taxes	**1,152**	2,441
Professional fees	**482**	788
Accrued taxes other than income taxes	**1,205**	1,231
Deferred lease incentive	**518**	451
Accrued interest	**197**	185
Accrued severance	**580**	2,720
Customer rebates	**1,061**	1,653
Deferred press payments	**4,418**	
Other	**4,889**	5,555
Total accrued expenses and other liabilities	**$ 36,732**	$ 51,815

(1) The balance at March 31, 2013 consists of a deferred payment of $6,929 related to the acquisition of York Label Group that was to be paid on April 1, 2012. This $6,929 related to the acquisition of York Label Group is subject to dispute as further described in Note 17 and was placed in an escrow account controlled by the Company. The balance at March 31, 2012 consists of a deferred payment of $21,309 related to the York Label Group acquisition. See further details at Note 3.

(11) EMPLOYEE BENEFIT PLANS

The Company maintains a 401K retirement savings plan (Plan) for U.S. employees who meet certain service requirements. The Plan provides for voluntary contributions by eligible U.S. employees up to a specified maximum percentage of gross pay. At the discretion of

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the Company s Board of Directors, the Company may contribute a specified matching percentage of the employee contributions. The Company also makes contributions to various retirement savings plans for Australian employees as required by law equal to 9% of gross pay and to other voluntary and involuntary defined contribution plans in South Africa, China, Canada, Scotland and Italy. Company contributions to these retirement savings plans were $3,290, $2,949 and $2,696 in 2013, 2012 and 2011, respectively.

The Company has a single employer defined benefit pension plan (Pension Plan) which covers eligible union employees at its Norway, Michigan plant who were hired prior to July 14, 1998. The Pension Plan provides benefits based on a flat payment formula and years of credited service at a normal retirement age of 65. The benefits are actuarially reduced for early retirement. An active participant may annually elect to irrevocably freeze their benefits to participate in the Company 401K retirement savings plan.

The Company also has a post retirement health and welfare plan (Health Plan) that upon retirement provides health benefits to certain active Norway plant employees hired on or before July 31, 1998. The Health Plan allows participants to retire as early as age 62 and remain in the active medical plan until reaching Medicare eligibility at age 65. The Health Plan has no assets and the Company pays benefits as incurred.

The Company used a March 31 measurement date (the fiscal year end) for the Pension Plan and Health Plan in 2013, 2012 and 2011. The following table summarizes the components of net periodic benefit cost for the Plans:

	Pension Plan			Health Plan		
	2013	2012	2011	**2013**	2012	2011
Net periodic benefit cost components						
Service cost	**$ 26**	$ 29	$ 27	**$ 25**	$ 26	$ 26
Interest cost	**83**	85	87	**22**	31	33
Expected (return) or loss on plan assets	**(81)**	(93)	(102)			
Recognized net actuarial gain or (loss)			24			
Amortization of net actuarial (gain) or loss	**62**	23	15	**(6)**		
Net periodic benefit cost	**$ 90**	$ 44	$ 51	**$ 41**	$ 57	$ 59

Reconciliation of the Plans benefit obligations, plan assets and funded status and weighted average assumptions used to determine net periodic benefit cost and projected benefit obligation as of March 31, 2013 and 2012 are as follows:

	Pension Plan		Health Plan	
	2013	2012	**2013**	2012
Change in benefit obligation				
Benefit obligation at beginning of year	**$ 1,783**	$ 1,490	**$ 583**	$ 631
Service cost	**26**	29	**25**	26
Interest cost	**83**	85	**22**	31
Actuarial loss/(gain)	**109**	419	**(9)**	(105)
Amendments		14		
Benefits paid		(254)		
Plan expenses paid				
Benefit obligation at end of year	**$ 2,001**	$ 1,783	**$ 621**	$ 583
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 1,120**	$ 1,150	**$**	$
Actual return on plan assets	**103**	19		
Employer contributions	**69**	205		
Benefits paid		(254)		
Plan expenses paid				
Fair value of plan assets at end of year	**$ 1,292**	$ 1,120	**$**	$

Reconciliation of funded status				
Funded status	**$ (709)**	$ (663)	**$ (621)**	$ (583)
Unrecognized net actuarial (gain)			**(127)**	(125)
Accrued cost at end of year	**$ (709)**	$ (663)	**$ (748)**	$ (708)

	Pension Plan		Health Plan	
	2013	2012	**2013**	2012
Weighted average assumptions				
Discount rate net periodic cost	**4.65%**	5.75%	**3.85%**	5.00%
Discount rate projected benefit obligation	**4.25%**	4.65%	**3.15%**	3.85%
Expected long-term rate of return on plan assets	**7.00%**	8.00%		

The accumulated benefit obligation for the Pension Plan was $2,001 and $1,783 as of March 31, 2013 and 2012, respectively.

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Rate of compensation increases are not applicable as a result of flat benefit formulas. The discount rate and rate of return were selected based upon current market conditions, Company experience and future expectations. The amount expected to be amortized from accumulated other comprehensive income and expected to be included in net periodic pension cost during the next twelve months is less than $70. The liability for the unfunded status of the Pension Plan and Health Plan was classified as long-term in other liabilities on the Company s consolidated balance sheets.

Pension Plan assets consist primarily of listed equity and debt securities. Below are the weighted average asset allocations by category at March 31, 2013 and 2012 and the target allocations for 2014:

Asset category	**2013**	2012	Target % 2014
Equity securities	**59%**	61%	50-60%
Debt securities	**15%**	16%	10-20%
Real estate	**0%**	0%	0-10%
Other	**26%**	23%	20-30%
Total	**100%**	100%	100%

At March 31, 2013, the fair value of the Company s pension plan assets were as follows:

	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Guaranteed				
Stable Fund	**$ 337**	**$**	**$ 337**	**$**
Balanced	**472**		**472**	
U.S. Common Stock				
Equity Growth	**76**	**76**		
Value & Income	**166**		**166**	
Growth & Income	**132**	**132**		
Special Equity	**72**		**72**	
International	**37**		**37**	
Total	**$ 1,292**	**$ 208**	**$ 1,084**	**$**

At March 31, 2012, the fair value of the Company s pension plan assets were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed				
Stable Fund	$ 261	$	$ 261	$
Balanced	441		441	
U.S. Common Stock				
Equity Growth	65	65		
Value & Income	143		143	
Growth & Income	113	113		

Special Equity	63				63	
International	34				34	
Total	$ 1,120	$	178	$	942	$

The fair value of the guaranteed fund, balanced fund, domestic common stocks and international fund represents the reported net asset value of shares or underlying assets of the investment. The stable fund s book value approximates fair value. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assumed health care cost trend rates have a significant effect on the amounts reported for the Health Plan. The health care cost trend rate assumed in measuring the Health Plan benefit obligation is 7% gradually decreasing to 4% in 2016 and thereafter. A one percentage point change in these assumed rates would increase the post retirement obligation by $59 or decrease the post retirement obligation by $53.

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The Health Plan has no assets and the Company pays the benefits as incurred. Benefits expected to be paid from these plans in the future are as follows:

	Pension Plan	Health Plan
2014	$ 13	$
2015	21	21
2016	21	44
2017	21	57
2018	31	59
2019-2023	418	358

(12) INCOME TAXES

Earnings before income taxes were as follows:

	2013	2012	2011
U.S.	**$ 39,203**	$ 19,549	$ 12,651
Foreign	**9,484**	11,575	12,798
Total	**$ 48,687**	$ 31,124	$ 25,449

The provision (benefit) for income taxes as of March 31 includes the following components:

	2013	2012	2011
Current payable:			
Federal	**$ 5,077**	$ 2,580	$ 2,481
State and local	**1,326**	(207)	51
Foreign	**3,969**	3,695	3,053
Total Current	**10,372**	6,068	5,585
Deferred:			
Federal	**8,222**	5,533	2,037
State and local	**740**	427	176
Foreign	**(947)**	(572)	(760)
Total Deferred	**8,015**	5,388	1,453
Total	**$ 18,387**	$ 11,456	$ 7,038

The following is a reconciliation between the U.S. statutory federal income tax rate and the effective tax rate:

	2013	2012	2011
U.S. federal statutory rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	**3.1%**	1.8%	1.7%
Section 199 deduction	**(0.9)%**	(0.3)%	(0.8)%

International rate differential	**0.3%**	0.1%	(2.4)%
Unrecognized tax benefits	**(0.7)%**	(2.3)%	(1.7)%
Foreign permanent differences	**(3.6)%**	(5.6)%	(5.4)%
Non-deductible transaction costs	**(0.1)%**	2.0%	%
Valuation allowances	**3.9%**	3.3%	1.3%
Other	**0.8%**	2.8%	%
Effective tax rate	**37.8%**	36.8%	27.7%

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The net deferred tax components consisted of the following at March 31:

	2013	2012
Deferred tax liabilities:		
Book basis over tax basis of fixed assets	**$ (23,218)**	$ (22,854)
Book basis over tax basis of intangible assets	**(31,937)**	(32,880)
Lease obligations	**(2,941)**	(2,534)
Deferred financing costs	**(297)**	(332)
Other	**(313)**	(348)
Total deferred tax liabilities	**(58,706)**	(58,948)
Deferred tax assets:		
Inventory reserves	**1,405**	2,070
Inventory capitalization	**467**	694
Allowance for doubtful accounts	**377**	693
Stock based compensation expense	**1,457**	1,414
Minimum pension liability	**530**	474
Loss carry forward amounts	**23,776**	30,125
Credit carry forward amounts	**150**	146
Interest rate swaps	**1,335**	876
State basis over tax basis of fixed assets	**420**	421
Non-deductible accruals and other	**3,182**	4,343
Gross deferred tax asset	**33,099**	41,256
Valuation allowance	**(7,255)**	(5,198)
Net deferred tax asset	**25,844**	36,058
Net deferred tax liability	**$ (32,862)**	$ (22,890)

As of March 31, 2013, Multi-Color had tax-effected federal, state, and foreign operating loss carryforwards of $13,933, $3,105 and $6,738, respectively. As of March 31, 2012, Multi-Color had tax-effected federal, state, and foreign operating loss carryforwards of $19,891, $3,270 and $6,964, respectively. The federal operating loss carryforwards will expire between fiscal 2029 and fiscal 2031. The state operating loss carryforwards will expire between fiscal 2014 and fiscal 2031. The foreign operating loss carryforwards include $1,434 with no expiration date; the remainder will expire between fiscal 2016 and fiscal 2033. The federal and state operating loss carryforwards include losses of $13,933 and $3,105, respectively, that were acquired in connection with business combinations. Utilization of the acquired federal and state tax loss carryforwards may be limited pursuant to Section 382 of the Internal Revenue Code of 1986.

As of March 31, 2013 and 2012, Multi-Color had valuation allowances of $7,255 and $5,198, respectively. As of March 31, 2013 and 2012, $7,013 and $5,198, respectively, of the valuation allowances related to certain deferred tax assets in foreign jurisdictions due to the uncertainty of the realization of future tax benefits from those assets. The Company recorded a $1,815 increase in valuation allowances in fiscal 2013 related to an increase in deferred tax assets in foreign jurisdictions for which the Company believes an income tax benefit will not be realized.

The benefits of tax positions are not recorded unless it is more likely than not the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized.

As of March 31, 2013 and 2012, the Company had liabilities of $3,411 and $3,616, respectively, recorded for unrecognized tax benefits for U.S. federal, state and foreign tax jurisdictions. As of March 31, 2013 and 2012, the Company recognized ($99) and ($171), respectively, of interest and penalties to income tax expense in the consolidated statements of income. The liability for the gross amount of interest and penalties at March 31, 2013 and 2012, respectively, was $1,568 and $1,690. The liability for unrecognized tax benefits is classified in other noncurrent liabilities on the consolidated balance sheets for the portion of the liability where payment of cash is not anticipated within one year of the balance sheet date. During the year ended March 31, 2013, the Company released a reserve for $623, including interest and penalties, related to uncertain tax positions that have been settled. The Company believes it is reasonably possible that approximately $225 of unrecognized tax benefits as of March 31, 2013 will decrease within the next 12 months due to the lapse of statute of limitations and settlements of certain foreign income tax matters. The liability for these unrecognized tax benefits is classified in accrued expenses and other liabilities on the consolidated balance sheets. The unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate are $3,411.

A summary of the activity for the Company s unrecognized tax benefits as of March 31 is as follows:

	2013	2012
Beginning balance	**$ 3,616**	$ 3,986
Additions based on tax positions related to the current year	**63**	34
Additions of tax positions of prior years	**30**	297
Settlements		(116)
Reductions of tax positions of prior years	**(97)**	(60)
Lapse of statutes of limitations	**(201)**	(525)
Ending balance	**$ 3,411**	$ 3,616

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The Company files income tax returns in the U.S. federal jurisdiction, various foreign jurisdictions and various state and local jurisdictions where the statutes of limitations generally range from three to five years. At March 31, 2013, the Company is no longer subject to U.S. federal examinations by tax authorities for years before fiscal 2009. The Company is no longer subject to state and local examinations by tax authorities for years before fiscal 2008. In foreign jurisdictions, the Company is no longer subject to examinations by tax authorities for years before fiscal 1999.

The Company did not provide for U.S. federal income taxes or foreign withholding taxes in fiscal 2013 on approximately $1,321 of undistributed earnings of its foreign subsidiaries as such earnings are intended to be reinvested indefinitely. Quantification of the deferred tax liability, if any, associated with these undistributed earnings is not practicable. The Company may periodically repatriate a portion of these earnings to the extent we can do so essentially tax-free or at minimal tax cost.

(13) MAJOR CUSTOMERS

During 2013, 2012, and 2011, sales to major customers (those exceeding 10% of the Company s net revenues in one or more of the periods presented) approximated 15%, 14% and 16%, respectively, of the Company s consolidated net revenues. All of these sales were made to the Procter & Gamble Company.

In addition, accounts receivable balances from the Procter & Gamble Company approximated 5% of the Company s total accounts receivable balance at March 31, 2013 and 2012. The loss or substantial reduction of the business of any of this major customer could have a material adverse impact on the Company s results of operations and cash flows.

(14) EARNINGS PER COMMON SHARE

The following is a reconciliation of the number of shares used in the basic EPS and diluted EPS computations:

	2013		2012		2011	
	Shares	**Per Share Amount**	Shares	Per Share Amount	Shares	Per Share Amount
Basic EPS	16,145	$ 1.88	14,662	$ 1.34	13,005	$ 1.42
Effect of dilutive stock options	187	(0.02)	241	(0.02)	134	(0.02)
Diluted EPS	16,332	$ 1.86	14,903	$ 1.32	13,139	$ 1.40

The Company excluded 432, 222, and 515 shares in the fiscal years ended March 31, 2013, 2012 and 2011, respectively, from the computation of diluted EPS because these shares would have an anti-dilutive effect.

(15) STOCK-BASED COMPENSATION

The Company maintains incentive plans which authorize the issuance of stock-based compensation including stock options and restricted stock to officers, key employees and non-employee directors. As of March 31, 2013, 1,533 shares of common stock remained reserved for future issuance under the 2012 Stock Incentive Plan, 2003 Stock Incentive Plan, as amended, and 2006 Director Equity Compensation Plan.

The Company measures compensation costs related to share-based transactions at the grant date, based on the fair value of the award, and recognizes them as expense over the requisite service period.

For the year ended March 31, 2013, the Company recorded pre-tax compensation expense for stock-based incentive awards of $1,255 which increased selling, general and administrative expenses by $761 and cost of revenues by $494 and had an associated tax benefit of $477. The impact on basic and diluted net income per share for the year ended March 31, 2013 was $0.05.

For the year ended March 31, 2012, the Company recorded pre-tax compensation expense for stock-based incentive awards of $1,062 which increased selling, general and administrative expenses by $707 and cost of revenues by $355 and had an associated tax benefit of $393. The impact on basic and diluted net income per share for the year ended March 31, 2012 was $0.05.

For the year ended March 31, 2011, the Company recorded pre-tax compensation expense for stock-based incentive awards of $2,345 which increased selling, general and administrative expenses by $2,144 and cost of revenues by $201 and had an associated tax benefit of $656. The impact on basic and diluted net income per share for the year ended March 31, 2011 was $0.13.

Stock Options

Stock options granted under the plans enable the holder to purchase common stock at an exercise price not less than the market value on the date of grant and will expire not more than ten years after the date of grant. The applicable options vest ratably over a three to five year period. The Company calculates the value of each employee stock option, estimated on the grant date, using the Black-Scholes model and the following weighted average assumptions:

	2013	2012	2011
Expected life (years)	**5**	5	5
Risk-free interest rate	**0.7%**	1.8%	2.3%
Expected volatility	**58.0%**	56.7%	52.2%
Dividend yield	**1.1%**	0.9%	2.0%

The Company estimated volatility based on the historical volatility of its common stock. The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the options in effect at the time of the grant. The dividend yield assumption is based on the Company s history and expectation of dividend payouts. The expected life of the options represents the weighted-average period the stock options are expected to remain outstanding and is based on review of historical exercise behavior of option grants with similar vesting periods. The Company uses an estimated forfeiture rate based on historical data. The forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

A summary of the changes in the options outstanding for years ended March 31, 2013, 2012 and 2011 is shown below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding at March 31, 2010	847	$ 15.68		
Granted	157	$ 12.37		
Exercised	(49)	$ 7.02		$ 159
Forfeited	(60)	$ 18.60		
Outstanding at March 31, 2011	895	$ 15.37		
Granted	170	$ 22.02		
Exercised	(97)	$ 12.84		$ 492
Forfeited	(10)	$ 13.43		
Outstanding at March 31, 2012	958	$ 16.83		
Granted	**159**	**$ 18.67**		
Exercised	**(104)**	**$ 12.21**		**$ 496**
Forfeited	**(49)**	**$ 18.50**		
Outstanding at March 31, 2013	**964**	**$ 17.55**	**5.7**	**$ 6,927**
Exercisable at March 31, 2013	**542**	**$ 17.32**	**4.0**	**$ 3,587**
Exercisable at March 31, 2012	**537**	**$ 16.38**	**4.1**	**$ 3,308**

As of March 31, 2013, the total compensation cost related to nonvested options not yet recognized and the weighted-average period over which it is expected to be recognized is $2,360 and 1.8 years, respectively.

The weighted average grant-date fair value of options granted during the year ended March 31, 2013, 2012 and 2011 was $8.47, $10.23 and $4.87, respectively. Cash received from options exercised during the year ended March 31, 2013 was $994, with a tax benefit of $246. The total grant-date fair value of options vested during the year ended March 31, 2013, 2012 and 2011 was $842, $611 and $914, respectively.

Restricted Stock

Restricted stock grants under the plans typically vest over a three to five year period. The cost of these awards is determined using the fair value of the Company s common stock on the date of the grant and is recognized on a straight-line basis over the period the restrictions lapse. A summary of the changes in restricted shares for the year ended March 31, 2013, 2012 and 2011 is shown below:

	Restricted Shares	Weighted Average Grant Date Fair Value
Non-vested restricted shares at March 31, 2010	140	$ 23.83
Granted	16	$ 15.50
Vested	(122)	$ 24.73
Non-vested restricted shares at March 31, 2011	34	$ 16.49
Granted	12	$ 21.29
Vested	(16)	$ 17.39
Non-vested restricted shares at March 31, 2012	30	$ 17.92
Granted	**23**	**$ 22.33**
Vested	**(16)**	**$ 17.10**
Non-vested restricted shares at March 31, 2013	**37**	**$ 21.10**

As of March 31, 2013, the total compensation cost related to nonvested restricted shares not yet recognized and the weighted-average period over which it is expected to be recognized was $591 and 1.18 years. The total grant-date fair value of restricted shares vested during the year ended March 31, 2013, 2012 and 2011 was $275, $275 and $3,011, respectively. During fiscal 2011, the Company

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accelerated the vesting of 100 restricted shares for certain executives who left the Company. The Company recorded a pre-tax charge of $1,065 related to the accelerated vesting of these restricted shares.

(16) GEOGRAPHIC INFORMATION

During fiscal 2013, the Company acquired Labelgraphics. During fiscal 2012, the Company acquired La Cromografica, WDH, York and two label operations in Latin America. During fiscal 2011, the Company acquired Monroe Etiquette and CentroStampa and established operations in China. All of these acquisitions expanded the Company s geographic presence. For further information regarding these acquisitions, see Note 3 to the Company s consolidated financial statements. The Company now manufactures labels in the United States, Australia, South Africa, France, Italy, Poland, Scotland, China, Canada, Chile and Argentina. The Company s operations in China became fully operational in the first quarter of fiscal 2012. Net revenues, based on the geographic area from which the product is shipped, for the years ended March 31 and long-lived assets by geographic area as of March 31 are as follows:

	2013	2012	2011
Net revenues:			
North America	**$ 451,073**	$ 328,396	$ 212,555
Australia	**64,927**	66,615	66,973
Italy	**59,415**	65,959	38,578
Other Europe	**43,331**	19,289	5,744
Other International	**41,069**	29,988	14,434
Total	**$ 659,815**	$ 510,247	$ 338,284

	2013	2012
Long-lived assets:		
North America	**$ 346,274**	$ 350,623
Australia	**111,711**	114,307
Italy	**58,815**	64,919
Other Europe	**47,365**	20,363
Other International	**84,174**	89,762
Total	**$ 648,339**	$ 639,974

(17) COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Company has various equipment, office and facility operating leases. Leases expire on various dates through May 2025 and some of the leases contain clauses requiring escalating rent payments. Rent expense during 2013, 2012 and 2011 was approximately $10,791, $9,177 and $4,616, respectively.

The annual future minimum rental obligations as of March 31, 2013 are as follows:

Fiscal 2014	$ 10,174
Fiscal 2015	9,653
Fiscal 2016	8,372
Fiscal 2017	6,852

Fiscal 2018	5,253
Thereafter	19,253
Total	$ 59,557

During fiscal 2010, the Company relocated its corporate headquarters from Sharonville, Ohio to its Batavia, Ohio facility in order to consolidate certain employees into existing owned office space. The lease for the Sharonville, Ohio location expires in April 2017. In connection with the relocation, the Company recorded a charge of $1,219 for remaining lease obligations and other costs related to its Sharonville facility. During fiscal 2011, the Company entered into a contract to sublease the remaining unoccupied space and recorded an adjustment of $258 to the initial charge to incorporate the impact of the additional sublease income. The interest income related to the sublease of the Sharonville facility is included in the net total charge that has been recorded for the relocation of the Sharonville facility and therefore no future interest income will be recorded in the Company s statements of income.

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The annual future sublease cash receipts as of March 31, 2013 are as follows:

Fiscal 2014	$ 416
Fiscal 2015	443
Fiscal 2016	456
Fiscal 2017	478
Fiscal 2018	32
Thereafter	
Total	$ 1,825

Purchase Obligations

The Company has entered into long-term purchase agreements (one to three years) for various uniforms, supplies, utilities and other services. The Company has a consigned inventory agreement with a key supplier in which the Company is required to purchase all consigned inventory not consumed within three months of order. Total inventories on consignment under this arrangement were $0 at March 31, 2013. The total estimated purchase obligations are $1,008 for 2014.

Litigation

The Company is a party in a case styled DLJ South American Partners, L.P. (DLJ) v. Multi-Color Corporation, et al., Case No. C.A. No. 7417-CS which is pending in the Delaware Court of Chancery. In a complaint filed on April 13, 2012, DLJ alleges that the Company failed to make certain payments required by the Merger and Stock Purchase Agreement (the Merger Agreement) entered into by the Company with Adhesion Holdings, Inc., a Delaware corporation, DLJ, and Diamond Castle Partners IV, L.P., a Delaware limited partnership, (Diamond Castle), pursuant to which the Company acquired York Label Group. Ari J. Benacerraf and Simon T. Roberts, who are affiliated with Diamond Castle, are current members of the Company s Board of Directors.

DLJ seeks the payment of $6,939 and interest, legal fees and other equitable relief that the Company is unable to reasonably estimate at this time. On May 18, 2012, the Company filed an answer, counterclaim and third party complaint asserting various causes of action against DLJ, Diamond Castle and affiliated entities arising out of their breaches of the Merger Agreement and other actions. The parties are in the process of conducting discovery with respect to these claims.

The Company is also subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental, employee-related matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could have a material adverse effect on our financial condition, results of operations and cash flows.

(18) SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental disclosures with respect to cash flow information and non-cash investing and financing activities are as follows:

	2013	2012	2011
Supplemental Disclosures of Cash Flow Information:			
Interest paid	**$ 19,752**	$ 12,658	$ 5,964
Income taxes paid, net of refunds	**12,865**	5,029	7,640
Supplemental Disclosures of Non-Cash Activities:			
Additional minimum pension liability	**$ (14)**	$ (380)	$ (46)
Change in interest rate swap fair value	**(1,179)**	132	342
Common stock issued to buy-out noncontrolling interest		(842)	

Business combinations accounted for as a purchase:			
Assets acquired (excluding cash)	**$ 36,061**	$ 415,996	$ 92,010
Liabilities assumed	**(11,472)**	(68,197)	(30,811)
Common stock issued		(46,684)	(7,928)
Liabilities for deferred payments	**(8,610)**	(24,228)	(10,179)
Non-controlling interest		(939)	
Cash acquired	**45**	1,394	6,896
Net cash paid	**$ 16,024**	$ 277,342	$ 49,988

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(19) ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of the Company s accumulated other comprehensive income as of March 31 consist of:

	2013	2012
Net unrealized foreign currency translation adjustments	**$ 5,073**	$ 11,662
Net unrealized (loss) on interest rate swaps, net of tax	**(2,121)**	(1,397)
Minimum pension liability, net of tax	**(468)**	(454)
Accumulated other comprehensive income	**$ 2,484**	$ 9,811

(20) FAIR VALUE MEASUREMENTS

The Company defines fair value as 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. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1 Quoted market prices in active markets for identical assets and liabilities

Level 2 Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3 Unobservable inputs

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Derivative Financial Instruments

The Company has three non-amortizing interest rate Swaps with a total notional amount of $125,000 at March 31, 2013 to convert variable interest rates on a portion of outstanding debt to fixed interest rates. The Company adjusts the carrying value of these derivatives to their estimated fair values and records the adjustment in accumulated other comprehensive income.

At March 31, 2013, the Company had entered into multiple foreign currency forward contracts to fix the U.S. dollar value of presses, other equipment and intercompany loans. The forward contracts are designated as fair value hedges and changes in the fair value of the contracts are recorded in the statement of income in the same period during which the related item affects the statement of income.

At March 31, 2013, the Company carried the following financial assets and liabilities at fair value:

		Fair Value Measurement Using		
	Fair Value at March 31, 2013	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest rate swaps	**$ (3,465)**		**$ (3,465)**	
Foreign currency forward contracts	**$ (73)**		**(73)**	

At March 31, 2012, the Company carried the following financial assets and liabilities at fair value:

Fair Value Measurement Using

	Fair Value at March 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps	$ (2,286)		$ (2,286)	
Foreign currency forward contracts	(2)		(2)	

The Company values interest rate Swaps using proprietary pricing models based on well recognized financial principles and available market data. The Company values foreign currency forward contracts by using spot rates at the date of valuation.

Other Fair Value Measurements

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in goodwill and other intangible asset impairment analyses, the valuation of acquired intangibles and in the valuation of assets held for sale. The Company tests goodwill for impairment annually, as of the last day of February of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets carrying values may be greater than the fair values. In fiscal years 2013 and 2012, the Company did not adjust goodwill or intangible assets to their fair values on a nonrecurring basis. Goodwill and intangible assets are valued using Level 3 inputs.

As part of the recent acquisitions, the Company acquired presses that were appraised and adjusted to their fair value as part of the purchase price accounting. See Note 3 for further information regarding the acquisitions. The carrying value of cash and equivalents,

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accounts receivable, accounts payable and debt approximate fair value. The fair value of long-term debt is based on observable inputs, including quoted market prices for similar instruments (Level 2).

(21) FACILITY CLOSURES

In January 2012, the Company announced plans to consolidate its manufacturing facility located in Kansas City, Missouri into our other existing facilities. In connection with the consolidation of the Kansas City facility, the Company incurred charges of $855 in fiscal 2013 and $1,182 in the fourth quarter of fiscal 2012 primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs. The transition from the Kansas City facility has been completed. In September 2012, the Kansas City facility was sold for net proceeds of $625. Below is a roll-forward of severance and other termination benefits related to the Kansas City facility:

	Balance at March 31, 2012	Amounts Expensed	Amounts Paid	Balance at March 31, 2013
Severance and Other Termination Benefits	$ 990		(990)	$

In the third quarter of fiscal 2013, the Company consolidated the two operations located in Montreal, Canada into one manufacturing facility. The Company incurred charges of $676 in fiscal 2013 related to fixed asset write-offs and relocation costs in conjunction with the plant consolidation.

(22) QUARTERLY DATA (UNAUDITED)

Earnings per share amounts are computed independently each quarter. As a result, the sum of each quarter s per share amount may not equal the total per share amount for the respective year.

	Quarter			
Fiscal 2013	**First**	**Second**	**Third**	**Fourth**
Net revenues	**$ 165,010**	**$ 169,870**	**$ 156,950**	**$ 167,985**
Gross profit	**30,923**	**30,436**	**30,421**	**34,571**
Net income	**7,896**	**7,370**	**5,882**	**9,152**
Basic earnings per share	**$ 0.49**	**$ 0.46**	**$ 0.36**	**$ 0.57**
Diluted earnings per share	**$ 0.49**	**$ 0.45**	**$ 0.36**	**$ 0.56**

Fiscal 2013 results include $1,531 ($1,194 after-tax) in costs related to the consolidation of our manufacturing facilities located in Montreal, Canada and Kansas City, Missouri into other existing facilities and $1,337 ($1,040 after-tax) of integration expenses related to the York acquisition, which were recorded by quarter as follows:

	Quarter			
	First	**Second**	**Third**	**Fourth**
Plant consolidation costs	**$ 573**	**$ 460**	**$ 498**	**$**
York integration expenses	**272**	**488**	**577**	

	Quarter			
Fiscal 2012	First	Second	Third	Fourth

Net revenues	$ 100,635	$ 102,626	$ 146,400	$ 160,586
Gross profit	22,195	21,067	23,528	31,494
Net income	8,889	4,759	1,558	4,494
Basic earnings per share	$ 0.67	$ 0.36	$ 0.10	$ 0.28
Diluted earnings per share	$ 0.66	$ 0.35	$ 0.10	$ 0.28

Fiscal 2012 results include a charge of $1,182 ($715 after-tax) in the fourth quarter, related to the consolidation of the Kansas City, Missouri facility into other existing facilities, primarily for employee severance and other termination benefits, non-cash charges related to asset impairments and relocation and other costs. Results also include $5,608 ($3,727 after-tax) of integration expenses related to the acquisition of York, $3,679 in the third quarter and $1,929 in the fourth quarter.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

The term disclosure controls and procedures (defined in Securities Exchange Act of 1934 (the Exchange Act) Rule 131c-15(e)) refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange is recorded, processed, summarized and reported within required time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Multi-Color s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company s disclosure controls and procedures as of March 31, 2013. Based on that evaluation, Multi-Color s Chief Executive Officer and Chief Financial Officer have concluded that, such controls and procedures were effective to ensure that information the Company is required to disclose in reports that are filed or submitted under the Exchange act is recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management s report on internal control over financial reporting

Management s Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm thereon are set forth in Part II, Item 8 of this Annual Report on Form 10-K.

(c) Changes in internal control over financial reporting

During the quarter ended March 31, 2013, there were no changes in the Company s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Multi-Color s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

The information required by the following Items will be included in the Company s definitive Proxy Statement for the 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant s fiscal year and is incorporated herein by reference.

ITEM 10. Directors, Executive Officers of the Registrant and Corporate Governance

ITEM 11. Executive Compensation

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

ITEM 14. Principal Accountant Fees and Services

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

The following Consolidated Financial Statements of Multi-Color Corporation and subsidiaries, Management s Report and the Reports of the Independent Registered Public Accounting Firm are included in Part II, Item 8.

Management s Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Income for the years ended March 31, 2013, 2012 and 2011

Consolidated Statements of Comprehensive Income for the years ended March 31, 2013, 2012 and 2011

Consolidated Balance Sheets as of March 31, 2013 and 2012

Consolidated Statements of Stockholders Equity for the years ended March 31, 2013, 2012 and 2011

Consolidated Statements of Cash Flows for the years ended March 31, 2013, 2012 and 2011

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules:

All schedules have been omitted because they are either not required or the information is included in the financial statements and notes thereto.

(b) Exhibits

Exhibit Number	Exhibit Description
2.1	Merger and Stock Purchase Agreement, dated as of August 26, 2011, by and between Adhesion Holdings, Inc., Multi-Color Corporation, M Acquisition, LLC, DLJ South American Partners, L.P. and the Stockholders Representative (incorporated by reference from the Registrant s Current Report on Form 8-K filed on August 30, 2011)
3.1	Amended and Restated Articles of Incorporation (together with amendments incorporated by reference from the Registrant s Annual Report on Form 10-K for the fiscal years ending March 31, 1996 and 2000 and Current Report on Form 8-K filed on August 17, 2007)
3.2	Amended and Restated Code of Regulations (incorporated by reference to the Registrant s Registration Statement No. 33-51772)
4.1	Investor Rights Agreement of Multi-Color Corporation, dated as of October 3, 2011, by and between Multi-Color Corporation and each of the Investors whose name appears on the signature pages thereof (incorporated by reference from the Registrant s Current Report on Form 8-K filed on October 5, 2011)
4.2	Form of Senior Indenture (incorporated by reference from Registration Statement No. 333-179535)
4.3	Form of Subordinated Indenture (incorporated by reference from Registration Statement No. 333-179535)
10.1	Share Sale and Purchase Agreement dated January 21, 2008 among Multi-Color Corporation, Collotype International Holdings Pty Limited, Collotype Labels International Pty Limited and certain other parties (incorporated by reference from the Registrant s Current Report on Form 8-K filed on January 25, 2008)
10.2	Credit Agreement dated as of February 29, 2008 among Multi-Color Corporation, Collotype International Holdings Pty Limited, Bank of America as Administrative Agent and Westpac Banking Corporation as

	Australian Administrative Agent (incorporated by reference from the Registrant s Current Report on Form 8-K filed on March 6, 2008)
10.3	Guaranty and Collateral Agreement dated as of February 29, 2008 among Multi-Color Corporation, other parties thereto and Bank of America, N.A., as the Administrative Agent (incorporated by reference from the Registrant s Current Report on Form 8-K filed on March 6, 2008)

10.4	Pledge and Security Agreement dated as of February 29, 2008 made by Multi-Color Corporation Australian Acquisition Pty Limited in favor of Westpac Banking Corporation, as Australian Administrative Agent (incorporated by reference from the Registrant s Current Report on Form 8-K filed on March 6, 2008)
10.5	Stock Purchase Agreement dated June 28, 2010 between the Company and the shareholders of Guidotti CentroStampa SpA (incorporated by reference from the Registrant s Current Report on Form 8-K filed on July 2, 2010)
10.6	First Amendment to Credit Agreement dated June 28, 2010, by and among the Company, Collotype International Holdings Pty Limited, Bank of America as Administrative Agent, and Westpac Banking Corporation as Australian Administrative Agent (incorporated by reference from the Registrant s Current Report on Form 8-K filed on July 2, 2010)
10.7	Stock Purchase Agreement dated September 8, 2010 between the Company and the shareholders of SAS Monroe Etiquette (incorporated by reference from the Registrant s Current Report on Form 8-K filed on September 13, 2010)
10.8	Stock Purchase Agreement dated March 29, 2011, between the Company and the shareholder of La Cromografica S.R.L. (incorporated by reference from the Registrant s Current Report on Form 8-K filed on March 31, 2011)
10.9	Shareholder Agreement of Collotype Labels (Chile) S.A. and Collotype Labels (Argentina) S.A., between MCC investments Chile Limitada, Etikolor S.A. and Fernando Aravena Escobar dated May 2, 2011 (incorporated by reference from the Registrant s Current Report on Form 8-K filed on May 4, 2011)
10.10	Third Amendment to Credit Agreement, made and entered into as of August 26, 2011, by and among Multi-Color Corporation, Collotype International Holdings Pty Ltd., the Approving Lenders, certain Subsidiaries of Multi-Color Corporation, Bank of America, N.A. and Westpac Banking Corporation (incorporated by reference from the Registrant s Current Report on Form 8-K filed on August 30, 2011)
10.11	Fourth Amendment to Credit Agreement, made and entered into as of October 3, 2011, by and among Multi-Color Corporation, Collotype International Holdings Pty Ltd., the Approving Lenders, certain Subsidiaries of Multi-Color Corporation, Bank of America, N.A. and Westpac Banking Corporation thereof (incorporated by reference from the Registrant s Current Report on Form 8-K filed on October 5, 2011)
10.12	Stock Purchase Agreement by and among Multi-Color Corporation and the Shareholders of Warszawski Dom Handlowy S.A. dated June 22, 2011 (incorporated by reference from the Registrant s Current Report on Form 8-K filed on June 24, 2011)
10.13	Fifth Amendment to Credit Agreement, made and entered into as of November 8, 2012, by and among Multi-Color Corporation, Collotype International Holdings Pty Ltd., the Approving Lenders, certain Subsidiaries of Multi-Color Corporation, Bank of America, N.A., and Westpac Banking Corporation (incorporated by reference from the Registrant s Quarterly Report on Form 10-Q filed on November 9, 2012)
	MANAGEMENT CONTRACTS AND COMPENSATION PLANS
10.14	2003 Stock Incentive Plan (incorporated by reference from the Registrant s proxy materials filed in connection with the 2003 Annual Meeting of Shareholders)
10.15	Amendment to 2003 Stock Incentive Plan dated August 16, 2007 (incorporated by reference from the Registrant s Current Report on Form 8-K filed on August 17, 2007)
10.16	2006 Director Equity Compensation Plan (incorporated by reference from the Registrant s proxy materials filed in connection with the 2006 Annual Meeting of Shareholders)
10.17	Amended and Restated Employment Agreement between Multi-Color and Nigel A. Vinecombe effective as of May 22, 2012 (incorporated by reference from the Registrant s Annual Report on Form 10-K for the fiscal year ending March 31, 2012)
10.18	Employment Letter dated August 11, 2010 regarding compensation of Sharon Birkett (incorporated by reference from the Registrant s Current Report on Form 8-K filed on August 16, 2010)
10.19	Amendment to 2003 Stock Incentive Plan dated September 16, 2010 (incorporated by reference from the Registrant s Current Report on Form 8-K filed on September 16, 2010)

10.20	2012 Stock Incentive Plan (incorporated by reference to the Registrant s Proxy Statement for its 2012 Annual Meeting of Shareholders)
21	Subsidiaries of Multi-Color Corporation

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23	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm
24	Power of Attorney (included as part of signature page)
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS (1)	XBRL Instance Document
101.SCH (1)	XBRL Taxonomy Extension Schema Document
101.CAL (1)	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF (1)	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB (1)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE (1)	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 are furnished and deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MULTI-COLOR CORPORATION

Dated: June 14, 2013

By: /s/ Nigel A. Vinecombe
Nigel A. Vinecombe
President and Chief Executive Officer

(Principal Executive Officer)

We, the undersigned directors and officers of Multi-Color Corporation, hereby severally constitute Nigel A. Vinecombe and Sharon E. Birkett, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the date indicated.

Name	Capacity	Date
/s/ Nigel A. Vinecombe Nigel A. Vinecombe	President, Chief Executive Officer and Director (Principal Executive Officer)	June 14, 2013
/s/ Sharon E. Birkett Sharon E. Birkett	Vice President, Chief Financial and Accounting Officer, Secretary (Principal Financial Officer and Principal Accounting Officer)	June 14, 2013
/s/ Robert R. Buck Robert R. Buck	Chairman of the Board of Directors	June 14, 2013
/s/ Ari J. Benacerraf Ari J. Benacerraf	Director	June 14, 2013
/s/ Charles B. Connolly Charles B. Connolly	Director	June 14, 2013
/s/ Lorrence T. Kellar Lorrence T. Kellar	Director	June 14, 2013
/s/ Roger A. Keller Roger A. Keller	Director	June 14, 2013
/s/ Thomas M. Mohr Thomas M. Mohr	Director	June 14, 2013
/s/ Simon T. Roberts Simon T. Roberts	Director	June 14, 2013