Fuji Seal International, Inc. and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2016, and Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fuji Seal International, Inc.:

We have audited the accompanying consolidated balance sheet of Fuji Seal International, Inc. and its subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Seal International, Inc. and its subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 16, 2016

Member of
Deloitte Touche Tohmatsu Limited

Fuji Seal International, Inc. and Subsidiaries

Consolidated Balance Sheet
March 31, 2016

ASSETS	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars (Note 1) 2016
CURRENT ASSETS:			
Cash and bank deposits (Notes 15 and 20)	¥ 7,747	¥ 7,909	$ 68,752
Receivables (Note 15):			
Notes and accounts receivable - trade	32,331	30,392	286,928
Electronically recorded monetary claims - trade	4,641	3,861	41,187
Associated company	279	150	2,476
Other (Note 7)	2,334	4,043	20,714
Allowance for doubtful receivables	(173)	(115)	(1,535)
Inventories (Notes 4 and 8)	15,707	16,305	139,395
Deferred tax assets (Note 12)	1,004	960	8,910
Other current assets	2,619	547	23,242
Total current assets	66,489	64,052	590,069
PROPERTY, PLANT, AND EQUIPMENT:			
Land	6,970	7,070	61,857
Buildings and structures (Notes 6 and 8)	37,085	32,112	329,118
Machinery and equipment (Notes 6 and 8)	79,302	77,351	703,781
Furniture and fixtures	5,570	5,086	49,432
Lease assets (Note 14)	499	528	4,428
Construction in progress	4,273	4,699	37,921
Total	133,699	126,846	1,186,537
Accumulated depreciation	(70,745)	(70,594)	(627,840)
Net property, plant, and equipment	62,954	56,252	558,697
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 15)	2,656	3,057	23,571
Investment in associated company	3,531	3,663	31,337
Goodwill	47	79	417
Software	1,005	736	8,919
Deferred tax assets (Note 12)	949	728	8,422
Asset for retirement benefits (Note 10)	1,464	1,128	12,993
Other assets	1,199	1,341	10,641
Total investments and other assets	10,851	10,732	96,300
TOTAL	¥ 140,294	¥ 131,036	$ 1,245,066

LIABILITIES AND EQUITY	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars (Note 1) 2016
CURRENT LIABILITIES:			
Short-term bank loans (Notes 9 and 15)	¥ 10,275	¥ 4,130	$ 91,187
Current portion of long-term debt (Notes 9 and 15)	1,480	1,260	13,135
Current portion of long-term lease obligations (Note 14)	60	70	532
Payables (Note 15):			
Notes and accounts payable - trade	15,456	14,358	137,167
Electronically recorded obligations - trade	5,418	5,366	48,083
Associated company	229	111	2,032
Other	7,484	6,773	66,418
Income taxes payable (Note 15)	1,124	1,575	9,975
Accrued expenses	3,092	3,096	27,441
Other current liabilities (Note 12)	2,482	1,677	22,028
Total current liabilities	47,100	38,416	417,998
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 and 15)	6,050	7,230	53,692
Long-term lease obligations (Note 14)	147	169	1,305
Liability for retirement benefits (Note 10)	3,664	3,125	32,517
Deferred tax liabilities (Note 12)	3,091	2,702	27,432
Other long-term liabilities	173	358	1,534
Total long-term liabilities	13,125	13,584	116,480
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 14 and 16)			
EQUITY (Notes 11 and 21):			
Common stock, authorized, 100,000,000 shares; issued, 30,080,978 shares in 2016 and 2015 (Notes 2.u and 2.v)	5,990	5,990	53,159
Capital surplus	6,302	6,233	55,928
Retained earnings	63,567	60,576	564,137
Treasury stock - at cost: 1,595,133 shares in 2016 and 1,694,733 shares in 2015	(3,165)	(3,301)	(28,088)
Accumulated other comprehensive income (loss):			
Unrealized gains on available-for-sale securities	796	1,137	7,064
Deferred gain (loss) on derivatives under hedge accounting (Note 16)	3	(13)	27
Foreign currency translation adjustments	7,784	9,652	69,082
Defined retirement benefit plan (Note 10)	(1,208)	(1,238)	(10,721)
Total	7,375	9,538	65,452
Total equity	80,069	79,036	710,588
TOTAL	¥ 140,294	¥ 131,036	$ 1,245,066

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET SALES	¥ 138,488	¥ 131,008	$ 1,229,038
COST OF SALES (Note 13)	112,590	104,865	999,201
Gross profit	25,898	26,143	229,837
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 13 and 19)	17,105	16,596	151,802
Operating income	8,793	9,547	78,035
OTHER INCOME (EXPENSES):			
Interest and dividend income	107	70	950
Interest expense	(151)	(64)	(1,340)
Foreign exchange loss – net	(876)	(16)	(7,774)
Equity in earnings of associated company	407	323	3,612
Gains on sales of property, plant, and equipment	172	20	1,526
Losses on sales and disposals of property, plant, and equipment	(202)	(534)	(1,793)
Reorganization expenses (Note 6)	(182)	(1,634)	(1,615)
Insurance income (Note 7)	3,141	2,181	27,875
Losses on fire accident (Note 8)	(3,714)	(2,181)	(32,961)
Other – net	121	26	1,075
Other expenses – net	(1,177)	(1,809)	(10,445)
INCOME BEFORE INCOME TAXES	7,616	7,738	67,590
INCOME TAXES (Note 12):			
Current	(3,111)	(3,473)	(27,610)
Deferred	(317)	222	(2,813)
Total income taxes	(3,428)	(3,251)	(30,423)
NET INCOME	4,188	4,487	37,167
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 4,188	¥ 4,487	$ 37,167
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.u and 18):			
Basic net income	¥147.28	¥158.18	$1.31
Cash dividends applicable to the year	42.00	42.00	0.37

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET INCOME	¥ 4,188	¥ 4,487	$ 37,167
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17):			
Unrealized gains (losses) on available-for-sale securities	(341)	601	(3,027)
Deferred gain (loss) on derivatives under hedge accounting	16	(13)	142
Foreign currency translation adjustments	(1,329)	3,564	(11,794)
Share of other comprehensive income (loss) in associated company	(539)	508	(4,783)
Defined retirement benefit plan	30	(1,028)	267
Total other comprehensive income (loss)	(2,163)	3,632	(19,195)
COMPREHENSIVE INCOME (Note 17)	¥ 2,025	¥ 8,119	$ 17,972
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 17):			
Owners of the parent	¥2,025	¥8,119	$17,972
Noncontrolling interests			

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2016

		Millions of Yen								
						Accumulated Other Comprehensive Income (Loss)				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total Equity
BALANCE, APRIL 1, 2014 (as previously reported)	28,344,235	¥ 5,990	¥ 6,233	¥ 57,329	¥ (3,380)	¥ 536		¥ 5,580	¥ (210)	¥ 72,078
Cumulative effect of accounting change (Note 2.m)				(15)						(15)
BALANCE, APRIL 1, 2014 (as restated)	28,344,235	5,990	6,233	57,314	(3,380)	536		5,580	(210)	72,063
Net income attributable to owners of the parent				4,487						4,487
Cash dividends, ¥42 per share				(1,225)						(1,225)
Purchase of treasury stock	(390)				(1)					(1)
Disposal of treasury stock	42,400				80					80
Net change in the year						601	¥ (13)	4,072	(1,028)	3,632
BALANCE, MARCH 31, 2015	28,386,245	5,990	6,233	60,576	(3,301)	1,137	(13)	9,652	(1,238)	79,036
Net income attributable to owners of the parent				4,188						4,188
Cash dividends, ¥42 per share				(1,197)						(1,197)
Purchase of treasury stock	(400)				(2)					(2)
Disposal of treasury stock	100,000		69		138					207
Net change in the year						(341)	16	(1,868)	30	(2,163)
BALANCE, MARCH 31, 2016	28,485,845	¥ 5,990	¥ 6,302	¥ 63,567	¥ (3,165)	¥ 796	¥ 3	¥ 7,784	¥ (1,208)	¥ 80,069

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income (Loss)				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total Equity
BALANCE, MARCH 31, 2015	$ 53,159	$ 55,316	$ 537,593	$ (29,295)	$ 10,091	$(115)	$ 85,659	$ (10,988)	$ 701,420
Net income attributable to owners of the parent			37,167						37,167
Cash dividends, $0.37 per share			(10,623)						(10,623)
Purchase of treasury stock				(18)					(18)
Disposal of treasury stock		612		1,225					1,837
Net change in the year					(3,027)	142	(16,577)	267	(19,195)
BALANCE, MARCH 31, 2016	$ 53,159	$ 55,928	$ 564,137	$ (28,088)	$ 7,064	$ 27	$ 69,082	$ (10,721)	$ 710,588

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING ACTIVITIES:			
Income before income taxes	¥ 7,616	¥ 7,738	$ 67,590
Adjustments for:			
Income taxes - paid	(3,828)	(3,631)	(33,972)
Depreciation and amortization	7,223	6,305	64,102
Reorganization expenses (Note 6)	182	1,634	1,615
Insurance income (Note 7)	(3,141)	(2,181)	(27,875)
Losses on fire accident (Note 8)	3,714	2,181	32,961
Gains on sales of property, plant, and equipment	(172)	(20)	(1,526)
Losses on sales and disposals of property, plant, and equipment	202	534	1,793
Equity in earnings of associated company	(407)	(323)	(3,612)
Changes in assets and liabilities:			
Increase in receivables	(3,515)	(2,472)	(31,195)
Decrease (increase) in inventories	240	(1,916)	2,130
Increase in payables	1,442	1,448	12,797
Increase in liability for retirement benefits	295	120	2,618
Payments on fire accident	(3,773)		(33,484)
Amount received of insurance	3,263		28,958
Other – net	1,513	81	13,426
Total adjustments	3,238	1,760	28,736
Net cash provided by operating activities	10,854	9,498	96,326
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(14,707)	(8,614)	(130,520)
Purchases of software and other assets	(457)	(603)	(4,056)
Purchases of investment securities	(134)	(25)	(1,189)
Other – net	149	701	1,322
Net cash used in investing activities	(15,149)	(8,541)	(134,443)
FINANCING ACTIVITIES:			
Increase in short-term bank loans – net	5,258	254	46,663
Proceeds from long-term debt	300		2,662
Repayments of long-term debt	(1,260)	(1,340)	(11,182)
Dividends paid	(1,197)	(1,225)	(10,623)
Other – net	39	15	347
Net cash provided by (used in) financing activities	3,140	(2,296)	27,867
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(19)	61	(169)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,174)	(1,278)	(10,419)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,807	9,085	69,285
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 20)	¥ 6,633	¥ 7,807	$ 58,866

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Fuji Seal International, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.68 to $1, the approximate rate of exchange at March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2016, include the accounts of the Company and its 24 (23 in 2015) subsidiaries (collectively, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in one (one in 2015) associated company is accounted for by the equity method.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized using the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements* -** In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" which was subsequently revised in February 2010 and March 2015 to reflect revisions of the relevant Japanese GAAP or accounting standards in other jurisdictions. PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items, which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting.

c. ***Unification of Accounting Policies Applied to Foreign-Associated Company for the Equity Method* -** In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign-associated company in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

d. ***Business Combinations* -** In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest* - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheet* - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

(c) *Presentation of the consolidated statement of income* - In the consolidated statement of income, "net income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) *Provisional accounting treatments for a business combination* - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) *Acquisition-related costs* - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

There was no impact from these accounting changes.

e. ***Cash Equivalents -*** Cash equivalents presented in the consolidated statement of cash flows are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include deposits in banks and other short-term investments which mature or become due within 12 months of the date of acquisition.

f. ***Inventories -*** Inventories are stated at the lower of cost, determined by the moving average method principally for finished products and work in process and by the most recent purchase price principally for raw materials and supplies, or net selling value.

g. ***Investment Securities -*** Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. ***Allowance for Doubtful Receivables -*** The allowance for doubtful receivables is stated in amounts considered to be appropriate, based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. ***Property, Plant, and Equipment -*** Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company and its domestic subsidiaries is computed by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998. Depreciation of property, plant, and equipment of the foreign subsidiaries is computed substantially by the straight-line method. The range of useful lives is from 2 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment.

   Equipment held under lease is depreciated by the straight-line method over the respective lease period.

j. ***Long-Lived Assets -*** The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. ***Software -*** Software for internal use is amortized by the straight-line method over the estimated useful lives. The estimated useful life is five years.

l. ***Amortization of Goodwill -*** Goodwill is amortized on a straight-line basis over five years.

m. ***Retirement and Pension Plans -*** The Company and certain subsidiaries have defined contribution pension plans and defined benefit lump-sum payment plans for employees. The liability for employees' retirement benefits is accounted for based on projected benefit obligations at the balance sheet date.

   In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998, with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

   (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

   (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment and the method of estimating expected future salary increases from salary increases "expected to be certain" to salary increases "expected," and recorded the effect of (c) above as of April 1, 2014, in retained earnings. The effect of this change was immaterial.

n. ***Asset Retirement Obligations -*** In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset, and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement, and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. ***Research and Development Costs -*** Research and development costs are charged to income as incurred.

p. ***Leases -*** In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

q. ***Income Taxes -*** The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

r. ***Foreign Currency Transactions -*** All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. ***Foreign Currency Financial Statements -*** The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity. Revenue and expense accounts of the foreign subsidiaries are translated into yen at the average exchange rate.

t. ***Derivatives and Hedging Activities -*** The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, interest rate swaps and currency swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value; and gains or losses on derivative transactions are recognized in the consolidated statement of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. Designation transactions are applied to debts and credits in foreign currency in line with the requirements of hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u. ***Per Share Information -*** Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because there are no securities with a dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. ***Accounting for Stock Grant ESOP Trust -*** "Stock Grant Employee Stock Ownership Plan (ESOP) Trust," an incentive plan for employees, was terminated, and all treasury stocks held by the Stock Grant ESOP Trust Account were disposed during the year ended March 31, 2016. Therefore, the number of treasury stock held by the Stock Grant ESOP Trust Account was zero and 100,000 as of March 31, 2016 and March 31, 2015 respectively.

w. ***Accounting Changes and Error Corrections -*** In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case, the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

x. ***New Accounting Pronouncements***

Tax Effect Accounting - On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Noncurrent:			
Marketable equity securities	¥ 2,457	¥ 2,853	$ 21,805
Unquoted equity securities	199	204	1,766
Total	¥ 2,656	¥ 3,057	$ 23,571

The costs and aggregate fair values of investment securities as of March 31, 2016 and 2015, were as follows:

	Millions of Yen			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,312	¥ 1,159	¥ (14)	¥ 2,457
Total	¥1,312	¥ 1,159	¥ (14)	¥ 2,457

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,177	¥ 1,684	¥ (8)	¥ 2,853
Total	¥ 1,177	¥ 1,684	¥ (8)	¥ 2,853

	Thousands of U.S. Dollars			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 11,644	$ 10,286	$ (125)	$ 21,805
Total	$ 11,644	$ 10,286	$ (125)	$ 21,805

There were immaterial amounts of sales of equity securities for the year ended March 31, 2016, and no sales of securities for the year ended March 31, 2015.

4. INVENTORIES

Inventories as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Finished products	¥ 6,927	¥ 7,394	$ 61,475
Work in process	2,758	2,640	24,476
Raw materials and supplies	6,022	6,271	53,444
Total	¥ 15,707	¥ 16,305	$ 139,395

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2016 and 2015. As a result, no impairment loss was recognized for the year ended March 31, 2015 and for the year ended March 31, 2016 except for the impairment losses noted in the Note 6.

6. REORGANIZATION EXPENSES

Year ended March 31, 2016

Reorganization expenses mainly resulted from activities to restructure the production structure of self-adhesive labels in the PAGO Segment, consisting of early retirement payments in the amount of ¥93 million ($825 thousand); relocation costs of machinery and equipment in the amount of ¥84 million ($745 thousand); and other related costs in the amount of ¥5 million ($45 thousand).

Year ended March 31, 2015

Reorganization expenses mainly resulted from activities to restructure the production structure of self-adhesive labels in the PAGO Segment, consisting of impairment losses for building and machinery in the amount of ¥760 million; early retirement payments in the amount of ¥625 million; losses on sales and disposals of property, plant, and equipment in the amount of ¥37 million; and other related costs in the amount of ¥102 million. The Group recognized impairment losses of ¥760 million for idle buildings and machinery due to restructuring, and the carrying amounts of relevant assets were written down to the recoverable amounts. The Group measured recoverable amounts in these assets at the value, if sold.

7. INSURANCE INCOME

Insurance income consisted of insurance proceeds received due to a fire accident that occurred in the Shrink Labels production facility of Fuji Seal Poland Sp.zo.o. (Poland), a subsidiary of the Company, in December 2014.

8. LOSSES ON FIRE ACCIDENT

Year ended March 31, 2016

Losses related to the fire accident consisted of the fixed costs and production transfer costs during the period of shutdown in the amount of ¥2,747 million ($24,379 thousand), and other restoring costs in the amount of ¥967 million ($8,582 thousand).

Year ended March 31, 2015

Losses related to the fire accident consisted of a write-down of building and structures, and machinery and equipment in the amount of ¥1,819 million, an inventories write-down in the amount of ¥67 million, and other restoring costs in the amount of ¥294 million.

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2016 and 2015, mainly consisted of bank overdrafts. The weighted-average annual interest rate applicable to the short-term bank loans was 0.6% and 0.5% for the years ended March 31, 2016 and 2015, respectively.

Long-term debt as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Loans from banks, due serially to 2021	¥ 2,530	¥ 3,490	$ 22,453
Unsecured bonds, due 2018	5,000	5,000	44,374
Total	7,530	8,490	66,827
Less current portion, with weighted-average per annum interest rate of 0.6% for 2016 (0.5% for 2015)	(1,480)	(1,260)	(13,135)
	¥ 6,050	¥ 7,230	$ 53,692

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Long-term loans from banks, less current portion, with weighted-average per annum interest rate of 0.4% for 2016 (0.5% for 2015)	¥ 1,050	¥ 2,230	$ 9,318
Unsecured 0.4% bonds, due 2018	5,000	5,000	44,374
Total	¥ 6,050	¥ 7,230	$ 53,692

Annual maturities of long-term debt as of March 31, 2016, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥ 1,480	$ 13,135
2018	5,750	51,030
2019		
2020		
2021	300	2,662
Total	¥ 7,530	$ 66,827

10. RETIREMENT AND PENSION PLANS

The Company and certain subsidiaries have defined retirement benefit plans, such as a defined corporate pension plan and lump-sum pension plan, and also have defined contribution plans. Under most circumstances, employees terminating their employment are entitled to retirement benefits, determined based on the rate of pay at the time of termination, years of service, and certain other factors. At the time of retirement, there are cases in which employees are entitled to larger payments, not subject to defined retirement benefit obligation.

Defined Retirement Benefit Plan

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year (as previously reported)	¥ 21,132	¥ 17,699	$ 187,540
Cumulative effect of accounting change		24	
Balance at beginning of year (as restated)	21,132	17,723	187,540
Current service cost	558	426	4,952
Interest cost	350	439	3,106
Actuarial losses	174	3,190	1,544
Benefits paid	(1,277)	(1,443)	(11,333)
Foreign currency transaction adjustment	(361)	679	(3,204)
Others	260	118	2,308
Balance at end of year	¥ 20,836	¥ 21,132	$ 184,913

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥ 19,134	¥ 16,765	$ 169,808
Interest income	212	337	1,881
Expected return on plan assets	191	154	1,695
Actuarial (losses) gains	(62)	1,594	(550)
Contributions from the employer	420	396	3,727
Asset ceiling (*1)		255	
Benefits paid	(1,243)	(1,411)	(11,031)
Foreign currency transaction adjustment	(253)	714	(2,245)
Others	237	331	2,104
Balance at end of year	¥ 18,636	¥ 19,135	$ 165,389

(*1) The adjustment for asset ceiling is required by International Accounting Standard No. 19 "Employee Benefits," which requires entities to limit the amounts recognized as plan assets.

(3) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded defined benefit obligation	¥ 19,038	¥ 19,622	$ 168,956
Plan assets	(18,636)	(19,135)	(165,389)
Total	402	487	3,567
Unfunded defined benefit obligation	1,798	1,510	15,957
Net liability arising from defined benefit obligation	¥ 2,200	¥ 1,997	$ 19,524

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Liability for retirement benefits	¥ 3,664	¥ 3,125	$ 32,517
Asset for retirement benefits	(1,464)	(1,128)	(12,993)
Net liability arising from defined benefit obligation	¥ 2,200	¥ 1,997	$ 19,524

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥ 558	¥ 426	$ 4,952
Net interest on the net defined benefit liability	138	102	1,225
Expected return on plan assets	(191)	(154)	(1,695)
Recognized actuarial losses	176	41	1,562
Amortization of prior service cost	72	(162)	639
Others (including early retirement payment)	104	635	923
Net periodic benefit costs	¥ 857	¥ 888	$ 7,606

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost	¥ 28	¥ 28	$ 248
Actuarial gains (losses)	10	(1,399)	89
Total	¥ 38	¥ (1,371)	$ 337

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (96)	¥ (125)	$ (852)
Unrecognized actuarial losses	(1,357)	(1,368)	(12,043)
Total	¥ (1,453)	¥ (1,493)	$ (12,895)

(7) Plan assets as of March 31, 2016 and 2015

a. Components of plan assets

Plan assets consisted of the following:

	2016	2015
Debt investments	36%	45%
Equity investments	29	27
Real estate including REIT	20	14
Insurance	12	12
Others	3	2
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2016 and 2015, were set forth as follows:

	2016		2015	
Discount rate	Domestic:	0.1%	Domestic:	1.2%
	Foreign:	0.8 - 3.9%	Foreign:	1.1 - 3.6%
Expected rate of return on plan assets	Foreign:	8.0%	Foreign:	8.0%
Amortization period of prior service cost	Mainly 10 years		Mainly 10 years	
Recognition period of actuarial gains/losses	Mainly 10 years		Mainly 10 years	
Estimated rate of salary increase (*1)	Domestic:	4.1%	Domestic:	5.9%
	Foreign:	0.5 - 2.0%	Foreign:	1.0 - 2.0%

(*1) For domestic subsidiaries, the estimated rate of salary increase represented an estimated rate of increase in points, or standard salary, which is applied in calculating the allowance.

Defined Contribution Plan

The amounts of required contribution for the years ended March 31, 2016 and 2015, were ¥282 million ($2,503 thousand) and ¥250 million, respectively.

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below.

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Board of Directors of companies with board committees (including appointment committee, compensation committee, and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of an Audit and Supervisory Board. The Company is organized as a company with board committees.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders, subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors, if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 33.02% and 35.59% for the years ended March 31, 2016 and 2015, respectively. The foreign subsidiaries are subject to income taxes of the countries in which they operate.

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal years beginning on or after April 1, 2016, to 30.81%, and for the fiscal years beginning on or after April 1, 2018, to 30.58%. The effect of this change on deferred taxes was immaterial.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2016 and 2015, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred tax assets:			
Accrued enterprise taxes	¥ 128	¥ 122	$ 1,136
Accrued bonuses	354	342	3,142
Allowance for doubtful receivables	17	21	151
Liability for retirement benefits	1,076	967	9,549
Tax loss carryforwards	2,012	1,499	17,856
Depreciation	113	109	1,003
Loss on fire accident	200		1,775
Unrealized intercompany profits	209	145	1,855
Preferential taxation for investments	1,201	1,382	10,659
Other	539	710	4,782
Less valuation allowance	(3,078)	(2,718)	(27,316)
Total	¥ 2,771	¥ 2,579	$ 24,592
Deferred tax liabilities:			
Reserve for special depreciation	¥ (31)	¥ (52)	$ (275)
Reserve for advanced depreciation of property, plant, and equipment	(238)	(253)	(2,112)
Net unrealized gains on available-for-sale securities	(350)	(539)	(3,106)
Depreciation	(2,582)	(2,384)	(22,914)
Fixed assets	(376)		(3,337)
Other	(428)	(452)	(3,799)
Total	¥ (4,005)	¥ (3,680)	$ (35,543)
Net deferred tax liabilities	¥ (1,234)	¥ (1,101)	$ (10,951)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2016 and 2015, is as follows:

	2016	2015
Normal effective statutory tax rate	33.02%	35.59%
Change in valuation allowance	13.32	2.80
Different tax rates applied to foreign subsidiaries	3.58	5.55
Per capita inhabitants tax	0.50	0.46
Tax credits on research and development costs	(4.11)	(1.41)
Fluctuation in foreign currency exchange rates on certain foreign subsidiaries	5.88	
Resolution of the uncertain tax position on foreign subsidiaries	(5.14)	
Amortization of goodwill	0.14	0.14
Equity in earnings of associated company	(1.81)	(1.50)
Other – net	(0.37)	0.39
Actual effective tax rate	45.01%	42.02%

At March 31, 2016, certain subsidiaries have tax loss carryforwards aggregating approximately ¥6,629 million ($58,830 thousand), excluding a portion available only for local taxes approximately ¥517 million ($4,591 thousand), available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017		
2018		
2019		
2020		
2021		
2022 and thereafter	¥ 6,629	$ 58,830
Total	¥ 6,629	$ 58,830

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,515 million ($22,320 thousand) and ¥2,469 million for the years ended March 31, 2016 and 2015, respectively.

14. LEASES

The Group leases certain machinery, computer equipment, office space, and other assets.

Total rental expenses, including lease payments under finance leases for the years ended March 31, 2016 and 2015, were ¥242 million ($2,148 thousand) and ¥213 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2016		2016	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 60	¥ 117	$ 532	$ 1,038
Due after one year	147	232	1,305	2,059
Total	¥ 207	¥ 349	$ 1,837	$ 3,097

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group invests cash surpluses in low-risk financial assets, mainly short-term deposits, and uses financial instruments, mainly short-term bank loans and bonds, for funding. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables for trade are exposed to customer credit risk. Receivables and payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable and investment securities, mainly listed shares, are exposed to the risk of market price fluctuations. Payment terms of payables for trade are mostly less than six months.

Maturities of bank loans and bonds are less than five years after the balance sheet date. Although a part of such bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest rate swaps.

Derivatives consist primarily of forward foreign currency contracts and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables and from changes in interest rates of bank loans. Please see Notes 2.t and 16 for more details about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at early stages. The credit risk affecting subsidiaries is also managed in the same manner.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk, which is recognized with respect to each currency and each month, is hedged principally by forward foreign currency contracts. Forward foreign currency contracts are used when foreign currency trade receivables are expected with certainty from forecasted transactions and subject to exchange fluctuations.

Investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loans.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on its maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income and manages expenditures and equipment investment spending plans, along with adequate financial planning by the Corporate Treasury Department. Subsidiaries also report their financial plans to the Group. The Finance Department manages liquidity risk by obtaining information on cash flows of the whole group.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. The valuation technique utilizes certain assumptions, and the fair values may change by adopting different assumptions. In addition, the contract amounts of derivatives in Note 16 do not directly indicate the market risk of derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values, and unrealized gain/loss as of March 31, 2016 and 2015, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Unrealized Loss
Cash and bank deposits	¥ 7,747	¥ 7,747	¥
Receivables:			
Notes and accounts receivable - trade	32,331	32,331	
Electronically recorded monetary claims - trade	4,641	4,641	
Associated company	279	279	
Investment securities:			
Available-for-sale securities	2,457	2,457	
Total	¥ 47,455	¥ 47,455	¥
Short-term bank loans	¥ 10,275	¥ 10,275	
Payables:			
Notes and accounts payable - trade	15,456	15,456	
Electronically recorded obligations - trade	5,418	5,418	
Associated company	229	229	
Other	7,484	7,484	
Income taxes payable	1,124	1,124	
Long-term debt	7,530	7,563	¥ 33
Total	¥ 47,516	¥ 47,549	¥ 33
Derivatives (*1)	¥(3)	¥(3)	¥

March 31, 2015	Millions of Yen Carrying Amount	Fair Value	Unrealized Loss
Cash and bank deposits	¥ 7,909	¥ 7,909	¥
Receivables:			
Notes and accounts receivable - trade	30,392	30,392	
Electronically recorded monetary claims - trade	3,861	3,861	
Associated company	150	150	
Investment securities:			
Available-for-sale securities	2,853	2,853	
Total	¥ 45,165	¥ 45,165	¥
Short-term bank loans	¥ 4,130	¥ 4,130	
Payables:			
Notes and accounts payable - trade	14,358	14,358	
Electronically recorded obligations - trade	5,366	5,366	
Associated company	111	111	
Other	6,773	6,773	
Income taxes payable	1,575	1,575	
Long-term debt	8,490	8,512	¥ 22
Total	¥ 40,803	¥ 40,825	¥ 22
Derivatives (*1)	¥ 3	¥ 3	¥

March 31, 2016	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Loss
Cash and bank deposits	$ 68,752	$ 68,752	$
Receivables:			
Notes and accounts receivable - trade	286,928	286,928	
Electronically recorded monetary claims - trade	41,187	41,187	
Associated company	2,476	2,476	
Investment securities:			
Available-for-sale securities	21,805	21,805	
Total	$ 421,148	$ 421,148	$
Short-term bank loans	$ 91,187	$ 91,187	
Payables:			
Notes and accounts payable - trade	137,167	137,167	
Electronically recorded obligations - trade	48,083	48,083	
Associated company	2,032	2,032	
Other	66,418	66,418	
Income taxes payable	9,975	9,975	
Long-term debt	66,827	67,119	$ 292
Total	$ 421,689	$ 421,981	$ 292
Derivatives (*1)	$(27)	$(27)	$

(*1) Derivative assets and liabilities are presented on a net basis. Negative balances indicate derivative liabilities.

Cash and bank deposits

The carrying values are adopted for cash and bank deposits, as they approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for equity instruments and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for investment securities by classification is included in Note 3.

Receivables and payables

The carrying values of receivables and payables approximate fair value because of their short maturities.

Short-term bank loans

The carrying values of short-term bank loans approximate fair value because of their short maturities.

Income taxes payable

The carrying values of income taxes payable approximate fair value because of their short maturities.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate. The fair values of bonds are determined by the over-the-counter sale price published by Japan Securities Dealers Association.

Derivatives

Fair value information for derivatives is included in Note 16.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Investments in equity instruments that do not have a quoted market price in an active market	¥199	¥204	$1,766

(5) Maturity analysis for financial assets with contractual maturities

	Millions of Yen			
March 31, 2016	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and bank deposits	¥ 7,747	¥	¥	¥
Receivables:				
Notes and accounts receivable - trade	32,331			
Electronically recorded monetary claims - trade	4,641			
Associated company	279			
Total	¥ 44,998	¥	¥	¥

	Thousands of U.S. Dollars			
March 31, 2016	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and bank deposits	$ 68,752	$	$	$
Receivables:				
Notes and accounts receivable - trade	286,928			
Electronically recorded monetary claims - trade	41,187			
Associated company	2,476			
Total	$ 399,343	$	$	$

Please see Note 9 for annual maturities of long-term debt and Note 14 for obligation under finance leases.

16. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading or speculative purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

	Millions of Yen			
At March 31, 2016	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Buying Euro	¥304	¥	¥(7)	¥(7)

	Millions of Yen			
At March 31, 2015	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Buying Euro	¥310	¥	¥22	¥22

	Thousands of U.S. Dollars			
At March 31, 2016	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Buying Euro	$2,698	$	$(62)	$(62)

Derivative Transactions to which Hedge Accounting Is Applied

	Millions of Yen			
At March 31, 2016	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principal method:				
Foreign currency forward contracts:				
Buying Euro	Forecasted transactions	¥362	¥	¥4
Conventional method:				
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ 8	¥	(*1)
Selling USD	Receivables	28		(*1)
Interest rate swaps:				
(fixed-rate payment and floating-rate receipt)	Long-term debt	¥1,750	¥750	(*2)

At March 31, 2015	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Principal method:				
Foreign currency forward contracts:				
Buying Euro	Forecasted transactions	¥563	¥	¥(19)
Buying USD	Forecasted transactions	504		(0)
Conventional method:				
Foreign currency forward contracts:				
Selling Euro	Receivables	¥41	¥	(*1)
Selling USD	Receivables	86		(*1)
Interest rate swaps: (fixed-rate payment and floating-rate receipt)	Long-term debt	¥2,750	¥1,750	(*2)

At March 31, 2016	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Principal method:				
Foreign currency forward contracts:				
Buying Euro	Forecasted transactions	$3,213	$	$35
Conventional method:				
Foreign currency forward contracts:				
Selling Euro	Receivables	$ 71	$	(*1)
Selling USD	Receivables	248		(*1)
Interest rate swaps: (fixed-rate payment and floating-rate receipt)	Long-term debt	$15,531	$6,656	(*2)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

(*1) The hedged items denominated in foreign currencies are translated at the contracted rates if the forward foreign currency contracts qualify for hedged accounting. The fair value of such forward foreign currency contracts in Note 15 is included in that of hedged items.

(*2) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 15 is included in that of hedged items.

17. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	¥ (530)	¥ 846	$ (4,704)
Amount before income tax effect	(530)	846	(4,704)
Income tax effect	189	(245)	1,678
Total	¥ (341)	¥ 601	$ (3,026)
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	¥ 5	¥ (19)	$ 44
Reclassification adjustments to profit or loss	19		169
Amount before income tax effect	24	(19)	213
Income tax effect	(8)	6	(71)
Total	¥ 16	¥ (13)	$ 142
Foreign currency translation adjustments:			
Gain (loss) arising during the year	¥ (1,329)	¥ 3,547	$ (11,795)
Reclassification adjustments to profit or loss		17	
Amount before income tax effect	(1,329)	3,564	(11,795)
Income tax effect			
Total	¥ (1,329)	¥ 3,564	$ (11,795)
Share of other comprehensive income in associated company:			
Gain (loss) arising during the year	¥ (539)	¥ 508	$ (4,783)
Total	¥ (539)	¥ 508	$ (4,783)
Defined retirement benefit plan:			
Gain (loss) arising during the year	¥ (170)	¥ (1,247)	$ (1,509)
Reclassification adjustments to profit or loss	208	(124)	1,846
Amount before income tax effect	38	(1,371)	337
Income tax effect	(9)	343	(80)
Total	¥ 29	¥ (1,028)	$ 257
Total other comprehensive income (loss)	¥ (2,164)	¥ 3,632	$ (19,205)

18. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2016 and 2015, is calculated as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
For the year ended March 31, 2016				
Basic EPS				
Net income available to common shareholders	¥4,188	28,436	¥147.28	$1.31
For the year ended March 31, 2015				
Basic EPS				
Net income available to common shareholders	¥4,487	28,365	¥158.18	

Diluted net income per share is not disclosed because there are no dilutive shares.

19. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

The main components of selling, general, and administrative expenses for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Employees' salary	¥6,509	¥6,478	$57,765
Freight charges	2,566	2,365	22,772

20. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliations between cash and cash equivalents on the consolidated statement of cash flows and cash and bank deposits on the consolidated balance sheet at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Cash and bank deposits	¥ 7,747	¥ 7,909	$ 68,752
Bank overdraft	(1,114)	(102)	(9,886)
Cash and cash equivalents	¥ 6,633	¥ 7,807	$ 58,866

21. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2016, was approved at the meeting of the Board of Directors of the Company held on May 19, 2016:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥21 ($0.19) per share	¥598	$5,307

22. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information, Disclosures" an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group conducts packaging business, which mainly consists of shrink labels and self-adhesive (tack) labels in Japan, Americas, Europe, ASEAN, and PAGO. Each of the regions is an independently managed unit that can conduct production and sales in their respective region. PAGO AG and its associated companies conduct their business mainly in Switzerland, Germany, and Italy. The Company defines the business area of PAGO AG and its associated companies as "PAGO."

Fuji Seal South East Asia, Inc. was merged into Fuji Seal, Inc., a subsidiary of Fuji Seal International, Inc. in current fiscal year after the completion of the establishment of the production system in Asia and the localization of human resources for business section, which had been the objective of Fuji Seal South East Asia, Inc. from the beginning of its establishment. Accordingly, the classification of the reporting segment of the business of Fuji Seal South East Asia, Inc. was changed from ASEAN to Japan. The segment information of the previous fiscal year has been revised to be consistent with the current segment classification.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment.

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Sales, Profit (Loss), Assets, Liabilities, and Other Items

	Millions of Yen 2016							
	Reportable Segment							
	Japan	Americas	Europe	PAGO	ASEAN	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 79,183	¥ 28,565	¥ 13,301	¥ 15,386	¥ 2,053	¥ 138,488		¥ 138,488
Intersegment sales or transfers	1,501	320	2,036	334	0	4,191	¥ (4,191)	
Total	¥ 80,684	¥ 28,885	¥ 15,337	¥ 15,720	¥ 2,053	¥ 142,679	¥ (4,191)	¥ 138,488
Segment profit (loss)	¥ 9,003	¥ 2,055	¥ (1,495)	¥ (933)	¥ 26	¥ 8,656	¥ 137	¥ 8,793
Segment assets	108,748	31,379	21,719	16,720	3,336	181,902	(41,608)	140,294
Segment liabilities	38,900	6,840	12,568	4,237	1,311	63,856	(3,631)	60,225
Other:								
Depreciation	2,886	2,517	879	785	175	7,242	(19)	7,223
Amortization of goodwill				33		33		33
Investments in equity method associated company	3,531					3,531		3,531
Increase in property, plant, and equipment and intangible assets	8,585	2,001	3,379	1,947	111	16,023	(167)	15,856

	Millions of Yen 2015							
	Reportable Segment							
	Japan	Americas	Europe	PAGO	ASEAN	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 73,606	¥ 23,467	¥ 15,651	¥ 16,558	¥ 1,726	¥ 131,008		¥ 131,008
Intersegment sales or transfers	1,647	31	1,926	132		3,736	¥ (3,736)	
Total	¥ 75,253	¥ 23,498	¥ 17,577	¥ 16,690	¥1,726	¥ 134,744	¥ (3,736)	¥ 131,008
Segment profit (loss)	¥ 7,617	¥ 2,098	¥ 714	¥ (802)	¥ (100)	¥ 9,527	¥ 20	¥ 9,547
Segment assets	102,158	30,126	18,805	16,781	2,861	170,731	(39,695)	131,036
Segment liabilities	36,947	6,783	4,811	4,623	1,305	54,469	(2,469)	52,000
Other:								
Depreciation	2,582	1,643	1,133	833	127	6,318	(13)	6,305
Amortization of goodwill				30		30		30
Investments in equity method associated company	3,663					3,663		3,663
Increase in property, plant, and equipment and intangible assets	4,418	3,420	1,654	465	370	10,327		10,327

	Thousands of U.S. Dollars 2016							
	Reportable Segment							
	Japan	Americas	Europe	PAGO	ASEAN	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	$ 702,725	$ 253,505	$ 118,042	$ 136,546	$ 18,220	$ 1,229,038		$ 1,229,038
Intersegment sales or transfers	13,321	2,840	18,069	2,964		37,194	$ (37,194)	
Total	$ 716,046	$ 256,345	$ 136,111	$ 139,510	$ 18,220	$ 1,266,232	$ (37,194)	$ 1,229,038
Segment profit (loss)	$ 79,899	$ 18,237	$ (13,268)	$ (8,280)	$ 231	$ 76,819	$ 1,216	$ 78,035
Segment assets	965,105	278,479	192,749	148,385	29,606	1,614,324	(369,258)	1,245,066
Segment liabilities	345,225	60,703	111,537	37,602	11,635	566,702	(32,224)	534,478
Other:								
Depreciation	25,612	22,338	7,801	6,967	1,553	64,271	(169)	64,102
Amortization of goodwill				293		293		293
Investments in equity method associated company	31,337					31,337		31,337
Increase in property, plant, and equipment and intangible assets	76,189	17,758	29,988	17,279	985	142,199	(1,482)	140,717

Note: Reconciliation amount of segment assets of ¥41,608 million ($369,258 thousand) and ¥39,695 million for the years ended March 31, 2016 and 2015, respectively, was mainly composed of offsetting of the receivables and the payables, investment account and the capital account.

(4) Information about Products and Services

	Millions of Yen						
	2016						
	Shrink Labels	Other Labels	Self-adhesive (Tack) Labels	Soft Pouches	Machinery	Others	Total
Sales to external customers	¥77,353	¥1,655	¥26,508	¥11,190	¥11,147	¥10,635	¥138,488

	Millions of Yen						
	2015						
	Shrink Labels	Other Labels	Self-adhesive (Tack) Labels	Soft Pouches	Machinery	Others	Total
Sales to external customers	¥74,264	¥1,436	¥26,570	¥7,580	¥11,318	¥9,840	¥131,008

	Thousands of U.S. Dollars						
	2016						
	Shrink Labels	Other Labels	Self-adhesive (Tack) Labels	Soft Pouches	Machinery	Others	Total
Sales to external customers	$686,484	$14,688	$235,250	$99,308	$98,926	$94,382	$1,229,038

(5) Information about Geographical Areas

a. Sales

Millions of Yen				
2016				
Japan	Americas	Europe	Other	Total
¥78,511	¥28,690	¥27,965	¥3,322	¥138,488

Millions of Yen				
2015				
Japan	Americas	Europe	Other	Total
¥71,630	¥25,526	¥30,719	¥3,133	¥131,008

Thousands of U.S. Dollars				
2016				
Japan	Americas	Europe	Other	Total
$696,761	$254,615	$248,180	$29,482	$1,229,038

Note: Sales are classified by country or region based on the location of customers.

b. Property, plant, and equipment

Millions of Yen							
2016							
	Americas			Europe			
Japan		United States	Mexico		Poland	Other	Total
¥25,127	¥18,849	¥10,731	¥8,118	¥17,362	¥7,665	¥1,616	¥62,954

Millions of Yen							
2015							
	Americas			Europe			
Japan		United States	Mexico		Poland	Other	Total
¥19,849	¥19,542	¥11,239	¥8,303	¥15,127	¥4,156	¥1,734	¥56,252

Thousands of U.S. Dollars							
2016							
	Americas			Europe			
Japan		United States	Mexico		Poland	Other	Total
$222,994	$167,279	$95,234	$72,045	$154,082	$68,024	$14,342	$558,697

(6) Information about Impairment Losses of Assets

No impairment loss was recognized for the year ended March 31, 2016.

	Millions of Yen						
	2015						
	Japan	Americas	Europe	PAGO	ASEAN	Other	Total
Impairment losses of assets	¥	¥	¥	¥760	¥	¥	¥760

Note: The amount of impairment losses of assets of "PAGO" is included in reorganization expenses of the other income (expenses) section in the consolidated statement of income.

(7) Information about Major Customers

Information is not disclosed because there is no customer who accounts for 10% or more of total sales to external customers in the consolidated statement of income.

(8) Information about Goodwill

	Millions of Yen						
	2016						
	Japan	Americas	Europe	PAGO	ASEAN	Other	Total
Amortization of goodwill	¥	¥	¥	¥33	¥	¥	¥33
Goodwill at March 31, 2016				47			47

	Millions of Yen						
	2015						
	Japan	Americas	Europe	PAGO	ASEAN	Other	Total
Amortization of goodwill	¥	¥	¥	¥30	¥	¥	¥ 30
Goodwill at March 31, 2015				79			79

	Thousands of U.S. Dollars						
	2016						
	Japan	Americas	Europe	PAGO	ASEAN	Other	Total
Amortization of goodwill	$	$	$	$293	$	$	$293
Goodwill at March 31, 2016				417			417

* * * * * *