MULTI COLOR Corp
Form 10-Q
February 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2015

OR

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

For the transition period from __________ to __________

Commission File Number 0-16148

Multi-Color Corporation

(Exact name of Registrant as specified in its charter)

OHIO	**31-1125853**
(State or Other Jurisdiction of	**(IRS Employer**
Incorporation or Organization)	**Identification No.)**

4053 Clough Woods Dr.

Batavia, Ohio 45103

(Address of Principal Executive Offices)

Registrant s Telephone Number (513) 381-1480

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 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 (Check one):

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 Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date.

Common shares, no par value 16,802,189 (as of January 31, 2016)

MULTI-COLOR CORPORATION

FORM 10-Q

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Forward-Looking Statements

This report contains certain statements that are not historical facts that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and that are intended to be covered by the safe harbors created by that Act. All statements contained in this Form 10-Q other than statements of historical fact are forward-looking statements. Forward-looking statements include statements regarding our future financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations. The words may, continue, estimate, intend, plan, will, believe, project, expect, anticipate and similar expressions (as well as the negative versions thereof) may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. With respect to the forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. 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. Such forward-looking statements speak 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. 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 global economic and business conditions; changes in business strategies or plans; raw material cost pressures; availability of raw materials; availability to pass raw material cost increases to our customers; interruption of business operations; changes in, or the failure to comply with, government regulations, legal proceedings and developments; acceptance of new product offerings, services and technologies; new developments in packaging; ability to effectively manage our growth and execute our long-term strategy; ability to manage foreign operations and the risks involved with them, including compliance with applicable anti-corruption laws; currency exchange rate fluctuations; ability to manage global political uncertainty; terrorism and political unrest; increases in general interest rate levels and credit market volatility affecting our interest costs; competition within our industry; 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; the risk that some of our goodwill may be or later become impaired; the success and financial condition of our significant customers; dependence on information technology; ability to market new products; our ability to maintain an effective system of internal control; our ability to detect and remediate our material weaknesses in our internal control over financial reporting; ongoing claims, lawsuits and governmental proceedings, including environmental proceedings; availability, terms and developments of capital and credit; dependence on key personnel; quality of management; ability to protect our intellectual property and the potential for intellectual property litigation; employee benefit costs; and risk associated with significant leverage. 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. In addition to the factors described in this paragraph, Part I, Item 1A of our Annual Report on Form 10-K for the year ended March 31, 2015 contains a list and description of uncertainties, risks and other matters that may affect the Company.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

MULTI-COLOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Net revenues	**$ 206,028**	$ 189,127	**$ 643,732**	$ 605,307
Cost of revenues	**166,418**	148,973	**510,156**	476,218
Gross profit	**39,610**	40,154	**133,576**	129,089
Selling, general and administrative expenses	**20,423**	15,978	**59,351**	48,614
Facility closure expenses	**1,790**	1,915	**2,515**	7,274
Goodwill impairment				951
Operating income	**17,397**	22,261	**71,710**	72,250
Interest expense	**6,102**	8,147	**19,110**	19,828
Other expense (income), net	**650**	(213)	**115**	(264)
Income before income taxes	**10,645**	14,327	**52,485**	52,686
Income tax expense	**1,008**	4,784	**12,940**	18,581
Net income	**9,637**	9,543	**39,545**	34,105
Less: Net income attributable to noncontrolling interests	**9**		**93**	
Net income attributable to Multi-Color Corporation	**$ 9,628**	$ 9,543	**$ 39,452**	$ 34,105
Weighted average shares and equivalents outstanding:				
Basic	**16,772**	16,564	**16,728**	16,571
Diluted	**16,963**	16,837	**16,945**	16,853
Basic earnings per common share	**$ 0.57**	$ 0.58	**$ 2.36**	$ 2.06
Diluted earnings per common share	**$ 0.57**	$ 0.57	**$ 2.33**	$ 2.02
Dividends per common share	**$ 0.05**	$ 0.05	**$ 0.15**	$ 0.15

See accompanying Notes to Condensed Consolidated Financial Statements.

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MULTI-COLOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in thousands)

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Net income	**$ 9,637**	$ 9,543	**$ 39,545**	$ 34,105
Other comprehensive income (loss):				
Unrealized foreign currency translation loss (1)	**(7,434)**	(15,792)	**(18,944)**	(34,752)
Unrealized gain on interest rate swaps, net of tax (2)	**156**	100	**395**	419
Additional minimum pension liability, net of tax (3)		(38)		(38)
Total other comprehensive income (loss)	**(7,278)**	(15,730)	**(18,549)**	(34,371)
Comprehensive income (loss)	**2,359**	(6,187)	**20,996**	(266)
Less: Comprehensive income (loss) attributable to noncontrolling interests	**21**		**(50)**	
Comprehensive income (loss) attributable to Multi-Color Corporation	**$ 2,338**	$ (6,187)	**$ 21,046**	$ (266)

(1) The amount for the three months ended December 31, 2015 and 2014 includes a tax impact of $134 and $229, respectively, related to the settlement of foreign currency denominated intercompany loans. The amount for the nine months ended December 31, 2015 and 2014 includes a tax impact of $(10) and $248, respectively, related to the settlement of foreign currency denominated intercompany loans.

(2) Amount is net of tax of $(41) and $(97) for the three months ended December 31, 2015 and 2014, respectively, and $(196) and $(300) for the nine months ended December 31, 2015 and 2014, respectively.

(3) Amount is net of tax of $24 for the three and nine months ended December 31, 2014.

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except per share data)

	December 31, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 27,982**	$ 18,049
Accounts receivable, net of allowance of $2,185 and $2,101 at December 31, 2015 and March 31, 2015, respectively	**116,668**	111,092
Other receivables	**7,453**	5,396
Inventories, net	**63,203**	56,067
Deferred income tax assets	**6,627**	8,955
Prepaid expenses	**19,582**	6,490
Other current assets	**2,798**	1,923
Total current assets	**244,313**	207,972
Assets held for sale	**748**	2,963
Property, plant and equipment, net of accumulated depreciation of $158,764 and $139,237 at December 31, 2015 and March 31, 2015, respectively	**214,169**	190,078
Goodwill	**401,216**	368,221
Intangible assets, net	**156,836**	145,023
Deferred financing fees and other non-current assets	**12,824**	12,100
Deferred income tax assets	**2,561**	1,014
Total assets	**$ 1,032,667**	$ 927,371
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 1,466**	$ 2,947
Accounts payable	**77,214**	62,821
Accrued expenses and other liabilities	**41,421**	42,253
Total current liabilities	**120,101**	108,021
Long-term debt	**513,808**	455,583
Deferred income tax liabilities	**66,687**	59,677
Other liabilities	**14,442**	14,617
Total liabilities	**715,038**	637,898
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 $0.10 per share; 40,000 shares authorized, 17,095 and 16,906 shares issued at December 31, 2015 and March 31, 2015, respectively		**1,045**		1,027
Paid-in capital		**149,685**		141,723
Treasury stock, 293 and 267 shares at cost at December 31, 2015 and March 31, 2015, respectively		**(10,553)**		(8,768)
Retained earnings		**251,403**		214,463
Accumulated other comprehensive loss		**(77,378)**		(58,972)
Total stockholders equity attributable to Multi-Color Corporation		**314,202**		289,473
Noncontrolling interests		**3,427**		
Total stockholders equity		**317,629**		289,473
Total liabilities and stockholders equity	**$**	**1,032,667**	**$**	927,371

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(unaudited)

(in thousands)

	Common Stock					Accumulated Other		
	Shares Issued	Amount	Paid-In Capital	Treasury Stock	Retained Earnings	Comprehensive Loss	Noncontrolling Interests	Total
March 31, 2015	16,906	$ 1,027	$ 141,723	$ (8,768)	$ 214,463	$ (58,972)		$ 289,473
Net income					**39,452**		**93**	**39,545**
Other comprehensive income (loss)						**(18,406)**	**(143)**	**(18,549)**
Acquisitions							**3,477**	**3,477**
Issuance of common stock	**174**	**18**	**3,721**					**3,739**
Excess tax benefit from stock based compensation			**1,966**					**1,966**
Restricted stock grant	**15**							
Share-based compensation			**2,275**					**2,275**
Shares acquired under employee plans				**(1,785)**				**(1,785)**
Common stock dividends					**(2,512)**			**(2,512)**
December 31, 2015	**17,095**	**$ 1,045**	**$ 149,685**	**$ (10,553)**	**$ 251,403**	**$ (77,378)**	**$ 3,427**	**$ 317,629**

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Nine Months Ended	
	December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 39,545**	$ 34,105
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**23,644**	22,347
Amortization of intangible assets	**9,633**	8,653
Amortization of deferred financing costs	**1,269**	1,774
Loss on write-off of deferred financing fees		2,056
Impairment loss on fixed assets	**59**	621
Facility closure expenses related to impairment loss on fixed assets	**1,373**	5,208
Goodwill impairment		951
Gain on sale of Watertown facility	**(476)**	
Net loss on disposal of property, plant and equipment	**75**	152
Net (gain) loss on interest rate swaps	**(312)**	108
Stock based compensation expense	**2,275**	1,535
Excess tax benefit from stock based compensation	**(1,966)**	(2,076)
Deferred income taxes, net	**(60)**	2,876
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	**9,222**	2,738
Inventories	**(523)**	(6,000)
Prepaid expenses and other assets	**(15,148)**	(387)
Accounts payable	**7,636**	(5,796)
Accrued expenses and other liabilities	**(5,592)**	907
Net cash provided by operating activities	**70,654**	69,772
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(28,171)**	(22,673)
Investment in acquisitions, net of cash acquired	**(83,896)**	(1,389)
Proceeds from sale of Watertown facility	**2,099**	
Proceeds from sale of property, plant and equipment	**413**	412
Net cash used in investing activities	**(109,555)**	(23,650)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving lines of credit	**291,810**	237,919
Payments under revolving lines of credit	**(235,591)**	(147,725)
Borrowings of long-term debt	**674**	251,896

Repayment of long-term debt	**(7,385)**	(366,272)
Payment of acquisition related contingent consideration and deferred payments	**(1,141)**	(10,916)
Proceeds from issuance of common stock	**2,363**	1,680
Excess tax benefit from stock based compensation	**1,966**	2,076
Debt issuance costs	**(18)**	(7,472)
Dividends paid	**(2,512)**	(2,473)
Net cash provided by (used in) financing activities	**50,166**	(41,287)
Effect of foreign exchange rate changes on cash	**(1,332)**	(798)
Net increase in cash and cash equivalents	**9,933**	4,037
Cash and cash equivalents, beginning of period	**18,049**	10,020
Cash and cash equivalents, end of period	**$ 27,982**	$ 14,057

See accompanying Notes to Condensed Consolidated Financial Statements.

See Note 15 for supplemental cash flow disclosures.

MULTI-COLOR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(in thousands, except per share data)

1. Description of Business and Significant Accounting Policies

The Company

Multi-Color Corporation (Multi-Color, MCC, we, us, our or the Company), headquartered near 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, China and Southeast Asia with a comprehensive range of the latest label technologies in Pressure Sensitive, Glue-Applied (Cut and Stack), In-Mold, Shrink Sleeve and Heat Transfer.

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Although certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures are adequate to make the information presented not misleading. A description of the Company s significant accounting policies is included in the Company s Annual Report on Form 10-K for the year ended March 31, 2015 (the 2015 10-K). These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the 2015 10-K.

The information furnished in these condensed consolidated financial statements reflects all estimates and adjustments which are, in the opinion of management, necessary to present fairly the results for the interim periods reported.

The condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior period balances have been reclassified to conform to current year classifications.

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.

New Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-17, Balance Sheet Classification of Deferred Taxes, which eliminates the current requirement to separate deferred income tax liabilities and assets into current and noncurrent amounts in the statement of financial position.

This update requires that deferred tax liabilities and assets be classified as noncurrent. This update is effective for financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those years, which for the Company is the fiscal year beginning April 1, 2017. This update may be applied either prospectively or retrospectively. This update will impact the presentation, but not the measurement, of deferred tax liabilities and assets and is not expected to be material to the Condensed Consolidated Balance Sheet.

In September 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the current requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2016. This update should be applied prospectively to adjustments to provisional amounts that occur after the effective date. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory, which simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value. This update does not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. Prior to the issuance of this ASU, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and a floor of net realizable value less normal profit margin). For inventory within the scope of the new guidance, entities will be required to compare the cost of inventory to only its net realizable value, and not to the three measures required by current guidance. This update is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2017. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This update removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share as a practical expedient. This update is effective retrospectively for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years, which for the Company is the year beginning April 1, 2016. The Company s pension plan assets are measured at NAV. The adoption of this update will affect the Company s disclosures related to the pension plan assets but will not have an effect on the Company s Condensed Consolidated Statements of Income or Condensed Consolidated Balance Sheets.

In April 2015, the FASB issued ASU 2015-05, Customer s Accounting for Fees Paid in a Cloud Computing Arrangement, which provides criteria for determining whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This update is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2016. This update can be applied retrospectively or prospectively to all arrangements entered into or materially modified after the effective date. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company s condensed consolidated financial statements, but it is not expected to have a material impact on the Company s condensed consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Under current accounting guidance, debt issuance costs are recognized as a deferred charge (an asset). The recognition and measurement of debt issuance costs are not affected by this update, only the presentation in the Condensed Consolidated Balance Sheet. This update is effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2016.

In July 2015, the FASB issued ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. This update adds SEC paragraphs pursuant to the SEC Staff Announcement at the June 18, 2015 Emerging Issues Task Force (EITF) meeting. Given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. As of December 31 and March 31, 2015, debt issuance costs, net of accumulated amortization, of approximately $8,400 and $9,600, respectively, were recognized in the condensed consolidated balance sheets, of which approximately $3,800 and $4,400, respectively, relate to our line-of-credit arrangements. The Company is currently in the process of evaluating the impact of the adoption of ASU 2015-03 and 2015-15 on the Company s condensed consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which provides revised guidance for revenue recognition. The standard s core principle is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance provides five steps that should be applied to achieve that core principle. In July 2015, the FASB deferred the effective date of this standard by one year to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, which for the Company is the fiscal year beginning April 1, 2018. This update can be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company s condensed consolidated financial statements.

No other new accounting pronouncement issued or effective during the nine months ended December 31, 2015 had or is expected to have a material impact on the condensed consolidated financial statements.

Supply Chain Financing

During fiscal 2015, the Company entered into supply chain financing agreements with two of our customers. The receivables for both the agreements are sold without recourse to the customers banks and are accounted for as sales of accounts receivable. Gains and losses on the sale of these receivables are included in selling, general, and administrative expenses in the condensed consolidated statements of income, and losses of $89 and $254 were recorded for the three and nine months ended December 31, 2015, respectively.

2. 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, restricted share units, 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.

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

	Three Months Ended				Nine Months Ended			
	December 31, 2015		December 31, 2014		**December 31, 2015**		December 31, 2014	
	Shares	**Per Share Amount**	Shares	Per Share Amount	**Shares**	**Per Share Amount**	Shares	Per Share Amount
Basic EPS	**16,772**	**$ 0.57**	16,564	$ 0.58	**16,728**	**$ 2.36**	16,571	$ 2.06
Effect of dilutive securities	**191**		273	(0.01)	**217**	**(0.03)**	282	(0.04)
Diluted EPS	**16,963**	**$ 0.57**	16,837	$ 0.57	**16,945**	**$ 2.33**	16,853	$ 2.02

The Company excluded 157 and 1 options to purchase shares in the three months ended December 31, 2015 and 2014, respectively, from the computation of diluted EPS because these shares would have an anti-dilutive effect. The Company excluded 108 and 94 options to purchase shares in the nine months ended December 31, 2015 and 2014, respectively, from the computation of diluted EPS because these shares would have an anti-dilutive effect.

3. Inventories

The Company s inventories consisted of the following:

	December 31, 2015	March 31, 2015
Finished goods	**$ 38,383**	$ 31,797
Work-in-process	**6,277**	8,238
Raw materials	**25,549**	21,910
Total inventories, gross	**70,209**	61,945
Inventory reserves	**(7,006)**	(5,878)
Total inventories, net	**$ 63,203**	$ 56,067

4. Debt

The components of the Company s debt consisted of the following:

	December 31, 2015	March 31, 2015
6.125% Senior Notes, due December 1, 2022	**$ 250,000**	$ 250,000
U.S. Revolving Credit Facility, maturing November 21, 2019	**231,000**	182,300
Australian Revolving Sub-Facility, maturing November 21, 2019	**28,492**	20,691

Capital leases		**3,846**		3,315
Other subsidiary debt		**1,936**		2,224
Total debt		**515,274**		458,530
Less current portion of debt		**(1,466)**		(2,947)
Total long-term debt	**$**	**513,808**	$	455,583

The following is a schedule of future annual principal payments as of December 31, 2015:

	Debt	Capital Leases	Total
January 2016 - December 2016	$ 605	$ 861	$ 1,466
January 2017 - December 2017	1,198	1,051	2,249
January 2018 - December 2018	115	789	904
January 2019 - December 2019	259,510	793	260,303
January 2020 - December 2020		352	352
Thereafter	250,000		250,000
Total	$ 511,428	$ 3,846	$ 515,274

On November 21, 2014, the Company issued $250,000 aggregate principal amount of 6.125% Senior Notes due 2022 (the Notes). The Notes are unsecured senior obligations of the Company. Interest is payable on June 1st and December 1st of each year beginning June 1, 2015 until the maturity date of December 1, 2022. The Company s obligations under the Notes are guaranteed by certain of the Company s existing direct and indirect wholly-owned domestic subsidiaries that are guarantors under the Credit Agreement (defined below). In connection with the issuance of the Notes, the Company incurred debt issuance costs of $5,413 during fiscal 2015, which are being deferred and amortized over the eight year term of the Notes.

Concurrent with the issuance and sale of the Notes, the Company amended and restated its credit agreement. The Amended and Restated Credit Agreement (the Credit Agreement) provides for revolving loans of up to $500,000 for a five year term expiring on November 21, 2019. The aggregate commitment amount is comprised of the following: (i) a $460,000 revolving credit facility (the U.S. Revolving Credit Facility) and (ii) an Australian dollar equivalent of a $40,000 revolving credit facility (the Australian Revolving Sub-Facility).

Upon issuance of the Notes, the Company was required to repay in full the Term Loan Facility under the terms of its prior credit agreement. On November 21, 2014, the Company repaid the outstanding balance of $341,625 on the Term Loan Facility using the net proceeds from the Notes and borrowings on the U.S. Revolving Credit Facility. The repayment of the Term Loan Facility was treated primarily as an extinguishment of debt. As a result, $2,001 in unamortized deferred financing fees were recorded to interest expense during fiscal 2015 as a loss on the extinguishment of debt. The remaining unamortized fees of $2,275 and new debt issuance costs of $2,526, which were incurred during fiscal 2015 in conjunction with the Credit Agreement, were deferred and are being amortized over the five year term of the Credit Agreement.

The Credit Agreement may be used for working capital, capital expenditures and other corporate purposes and to fund permitted acquisitions (as defined in the Credit Agreement). Loans under the Credit Agreement bear interest at variable rates plus a margin, based on the Company s consolidated senior secured leverage ratio at the time of the borrowing. The weighted average interest rate on borrowings under the U.S. Revolving Credit Facility was 2.32% and 2.02% at December 31, 2015 and March 31, 2015, respectively, and on borrowings under the Australian Revolving Sub-Facility was 3.86% and 4.01% at December 31, 2015 and March 31, 2015, respectively.

The Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants which require the Company to maintain the following financial covenants at the end of each quarter: (i) a maximum consolidated senior secured leverage ratio of no more than 3.50 to 1.00; (ii) a maximum consolidated leverage ratio of no more than 4.50 to 1.00; and (iii) a minimum consolidated interest coverage ratio of not less than 4.00 to 1.00. The Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The U.S. Revolving Credit Facility and the Australian Revolving Sub-Facility are secured by the capital stock of subsidiaries, substantially all of the assets of each of our domestic subsidiaries, but excluding existing and non-material real property, and intercompany debt. The Australian Revolving Sub-Facility is also secured by substantially all of the assets of the Australian borrower and its direct and indirect subsidiaries.

The Credit Agreement and the indenture governing the Notes (the Indenture) limit the Company s ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indenture, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, engage in mergers, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Credit Agreement and the Indenture, certain changes in control of the Company could result in the occurrence of an Event of Default. In addition, the Credit Agreement limits the ability of the Company to modify terms of the Indenture. As of December 31, 2015, the Company was in compliance with the covenants in the Credit Agreement and the Indenture.

The Company recorded $423 and $532 in interest expense for the three months ended December 31, 2015 and 2014, respectively, in the condensed consolidated statements of income to amortize deferred financing costs. The Company recorded $1,269 and $1,774 in interest expense for the nine months ended December 31, 2015 and 2014, respectively, in the condensed consolidated statements of income to amortize deferred financing costs.

Available borrowings under the Credit Agreement at December 31, 2015 consisted of $228,237 under the U.S. Revolving Credit Facility and $11,508 under the Australian Revolving Sub-Facility. The Company also has various other uncommitted lines of credit available at December 31, 2015 in the amount of $9,317.

Capital Leases

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

	December 31, 2015	March 31, 2015
Total minimum lease payments	**$ 4,314**	$ 3,545
Less amount representing interest	**(468)**	(230)
Present value of net minimum lease payments	**3,846**	3,315
Current portion	**(861)**	(1,355)
Capitalized lease obligations, less current portion	**$ 2,985**	$ 1,960

The capitalized leases carry interest rates from 3.41% to 7.31% and mature from fiscal 2016 to fiscal 2021.

5. Major Customers

During the three months ended December 31, 2015 and 2014, sales to major customers (those exceeding 10% of the Company s net revenues in one or more of the periods presented) approximated 17% and 19%, respectively, of the Company s consolidated net revenues. All of these sales were made to The Procter & Gamble Company.

During the nine months ended December 31, 2015 and 2014, sales to major customers (those exceeding 10% of the Company s net revenues in one or more of the periods presented) approximated 16% and 18%, 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 4% and 5% of the Company s total accounts receivable balance at December 31, 2015 and March 31, 2015, respectively. The loss or substantial reduction of the business of this major customer could have a material adverse impact on the Company s results of operations and cash flows.

6. Income Taxes

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 December 31, 2015, the Company is no longer subject to U.S. federal examinations by tax authorities for years before fiscal 2013. The Company is no longer subject to state and local examinations by tax authorities for years before fiscal 2010. In foreign jurisdictions, the Company is no longer subject to examinations by tax authorities for years before fiscal 1999.

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 December 31, 2015 and March 31, 2015, the Company had liabilities of $5,142 and $4,045, respectively, recorded for unrecognized tax benefits for U.S. federal, state and foreign tax jurisdictions. During the three months ended December 31, 2015 and 2014, the Company recognized $(409) and $129, respectively, of interest and penalties in income tax expense in the condensed consolidated statements of income. During the nine months ended December 31, 2015 and 2014, the Company recognized $(126) and $404, respectively, of interest and penalties in income tax expense in the condensed consolidated statements of income. The liability for the gross amount of interest and penalties at December 31, 2015 and March 31, 2015 was $1,615 and $1,594, respectively. The liability for unrecognized tax benefits is classified in other noncurrent liabilities on the condensed 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 three and nine months ended December 31, 2015, the Company released $1,582 of reserves, including interest and penalties, related to uncertain tax positions that have been settled or for which the statute of limitations has lapsed. The Company believes that it is reasonably possible that $1,235 of unrecognized tax benefits as of December 31, 2015 could be released within the next 12 months due to lapse of statutes of limitations and settlements of certain foreign and domestic income tax matters. The unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate are $5,142.

7. Financial Instruments
Interest Rate Swaps

The Company uses interest rate swap agreements (Swaps) to minimize its exposure to interest rate fluctuations on variable rate debt 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.

As of December 31, 2015, the Company has three forward starting non-amortizing Swaps with a total notional amount of $125,000 to convert variable rate debt to fixed rate debt. The Swaps became 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 Agreement, which was 1.75% as of December 31, 2015.

Upon inception, the Swaps were designated as a cash flow hedge, with the effective portion of gains and losses, net of tax, measured on an ongoing basis, recorded in accumulated other comprehensive income (loss). If the hedge or a portion thereof were determined to be ineffective, any gains and losses would be recorded in interest expense in the condensed consolidated statements of income.

In conjunction with entering into the Credit Agreement on November 21, 2014 (see Note 4), the Company de-designated the Swaps as a cash flow hedge. The cumulative loss on the Swaps recorded in accumulated other comprehensive income (AOCI) at the time of de-designation is being reclassified into interest expense in the same periods during which the originally hedged transactions affect earnings, as these transactions are still probable of occurring. Subsequent to November 21, 2014, changes in the fair value of the de-designated Swaps are immediately recognized in interest expense.

The gains (losses) on the interest rate swaps recognized were as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Interest rate swaps designated as hedging instruments:				
Gain (loss) recognized in OCI (effective portion)	**$**	$	**$**	$ 522
Interest rate swaps not designated as hedging instruments:				
Loss reclassified from AOCI into earnings	**$ (197)**	$ (197)	**$ (591)**	$ (197)
Gain recognized in earnings	**517**	89	**903**	89

During the next 12 months, $526 of losses included in the December 31, 2015 AOCI balance are expected to be reclassified into interest expense. See Note 10 for additional information on the fair value of the Swaps.

Foreign Currency Forward Contracts

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

The Company periodically enters into foreign currency forward contracts to fix the purchase price of foreign currency denominated firm commitments. In addition, the Company periodically enters into short-term foreign currency forward contracts to fix the U.S. dollar value of certain intercompany loan payments, which settle in the following quarter. As of December 31, 2015, the Company had two open contracts related to intercompany loan payments. The contracts are not designated as hedging instruments; therefore, changes in the fair value of the contracts are immediately recognized in other income and expense in the condensed consolidated statements of income. See Note 10 for additional information on the fair value of these contracts.

Two contracts to fix the purchase price in U.S. dollars of a Euro denominated firm commitment for the purchase of a press and other equipment settled during the nine months ended December 31, 2015. The contracts were designated as a fair value hedge and changes in the fair value of the contract were recorded in other income and expense in the condensed consolidated statements of income in the same period during which the related hedged item affected the condensed consolidated statements of income.

The amount of gain (loss) on the foreign currency forward contracts recognized in the condensed consolidated statements of income was as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Foreign currency forward contracts designated as hedging instruments:				
Gain (loss) on foreign currency forward contracts	**$**	$ (130)	**$**	$ (130)
Gain (loss) on related hedged items		130		130
Foreign currency forward contracts not designated as hedging instruments:				
Gain (loss) on foreign currency forward contracts	**$ 5**	$	**$ 493**	$
Gain (loss) on related hedged items	**(6)**		**(494)**	

8. Accrued Expenses and Other Liabilities

The Company s accrued expenses and other liabilities consisted of the following:

	December 31, 2015	March 31, 2015
Accrued payroll and benefits	**$ 16,993**	$ 20,953
Accrued income taxes	**1,865**	1,756
Professional fees	**1,564**	553
Accrued taxes other than income taxes	**1,563**	1,589
Deferred lease incentive	**438**	498
Accrued interest	**1,447**	5,554
Accrued severance	**254**	43
Customer rebates	**2,390**	2,352
Deferred press payments	**857**	3,190
Exit and disposal costs related to facility closures (1)	**629**	751
Deferred payments (2)	**1,873**	1,071
Deferred revenue	**6,869**	799
Other	**4,679**	3,144
Total accrued expenses and other liabilities	**$ 41,421**	$ 42,253

(1) The balance at December 31, 2015 consisted of liabilities related to severance and other termination benefits and other associated costs for the Company s facilities in Greensboro, North Carolina, Dublin, Ireland, Norway, Michigan and Watertown, Wisconsin. The balance at March 31, 2015 consisted of a liability related to severance and other termination benefits and other associated costs for the Company s facilities in Norway, Michigan and Watertown, Wisconsin. See Note 13.

(2) The balance at December 31, 2015 includes $1,691 related to the acquisition of Flexo Print on August 1, 2013, which is deferred for three years after the closing date and $182 related to the acquisition of Mr. Labels on May 1, 2015, which is deferred for one year after the closing date. The balance at March 31, 2015 includes $212 related to the acquisition of Multiprint Labels Limited on July 1, 2014, which was deferred for one year after the

closing date and $859 related to the acquisition of Monroe Etiquette on October 1, 2010, which was deferred for five years after the closing date.

9. Acquisitions

Super Enterprise Holdings Berhad (Super Label) Summary

On August 11, 2015, the Company acquired 90% of the shares of Super Label based in Kuala Lumpur, Malaysia, which was publicly listed on the Malaysian stock exchange. As of September 30, 2015, the Company owned 94.57% of Super Label. During the three months ended December 31, 2015, the Company delisted Super Label and compulsorily acquired the remaining shares. Super Label has operations in Malaysia, Indonesia, the Philippines, Thailand and China and produces home & personal care, food & beverage and specialty consumer products labels. This acquisition expands our presence in China and gives us access to new label markets in Southeast Asia.

The acquisition includes an 80% controlling interest in the label operations in Indonesia and a 60% controlling interest in certain legal entities in Malaysia and China. The results of Super Label s operations were included in the Company s condensed consolidated financial statements beginning on August 11, 2015.

The purchase price for Super Label consisted of the following:

Cash from proceeds of borrowings	$ 39,782
Net cash acquired	(6,045)
Total purchase price	$ 33,737

The cash portion of the purchase price was funded through borrowings under our Credit Agreement (see Note 4). Net cash acquired includes $8,167 of cash acquired less $2,122 of bank debt assumed. The Company spent $1,426 in acquisition expenses related to the Super Label acquisition. These expenses were recorded in selling, general and administrative expenses in the condensed consolidated statements of income, $105 in the third quarter of fiscal 2016, $390 in the second quarter of fiscal 2016 and $931 in the first quarter of fiscal 2016.

Barat Group (Barat) Summary

On May 4, 2015, the Company acquired 100% of Barat based in Bordeaux, France. Barat operates four manufacturing facilities in Bordeaux and Burgundy, France, and the acquisition gives the Company access to the label market in the Bordeaux wine region and expands our presence in Burgundy. The acquisition includes a 30% minority interest in Gironde Imprimerie Publicité, which is being accounted for under the cost method based upon Multi-Color s inability to exercise significant influence over the business. The results of Barat s operations were included in the Company s condensed consolidated financial statements beginning on May 4, 2015.

The purchase price for Barat consisted of the following:

Cash from proceeds of borrowings	$ 47,813
Deferred payment	2,160
Purchase price, before cash acquired	49,973
Net cash acquired	(746)
Total purchase price	$ 49,227

The cash portion of the purchase price was funded through borrowings under our Credit Agreement (see Note 4). The purchase price included $2,160 due to the seller, which was paid during the three months ended September 30, 2015. Net cash acquired includes $4,444 of cash acquired less $3,698 of bank debt assumed related to capital leases. The Company spent $1,488 in acquisition expenses related to the Barat acquisition. These expenses were recorded in selling, general and administrative expenses in the condensed consolidated statements of income: $65 in the second quarter of fiscal 2016, $751 in the first quarter of fiscal 2016, $467 in the fourth quarter of fiscal 2015 and $205 in the third quarter of fiscal 2015.

In conjunction with the acquisition of Barat, the Company recorded an indemnification asset of $1,115, which represents the seller s obligation under the purchase agreement to indemnify Multi-Color for the outcome of potential contingent liabilities relating to uncertain tax positions.

Purchase Price Allocation and Other Items

The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is incomplete for Super Label and Barat. The purchase price allocations may change in future periods as the fair value estimates of assets and liabilities (including, but not limited to, accounts receivable, inventory, property, plant and equipment, intangibles, debt and noncontrolling interests) and the valuation of the related tax assets and liabilities are completed.

Based on fair value estimates, the purchase prices for Super Label and Barat have been allocated to individual assets acquired and liabilities assumed as follows:

	Super Label	Barat
Assets Acquired:		
Net cash acquired	$ 6,045	$ 746
Accounts receivable	8,564	8,489
Inventories	4,620	2,863
Property, plant and equipment	17,401	6,779
Intangible assets		19,957
Goodwill	14,095	25,522
Other assets	1,072	3,098
Total assets acquired	51,797	67,454
Liabilities Assumed:		
Accounts payable	5,071	3,182
Accrued income taxes payable	1,032	
Accrued expenses and other liabilities	1,753	7,401
Deferred tax liabilities	682	6,898
Total liabilities assumed	8,538	17,481
Net assets acquired	43,259	49,973
Noncontrolling interests	(3,477)	
Net assets acquired attributable to Multi-Color Corporation	$ 39,782	$ 49,973

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

	Barat	
	Fair Value	Useful Lives
Customer relationships	$ 18,954	20 years
Non-compete agreements	780	2 years
Trademarks	223	1 year
Total identifiable intangible assets	$ 19,957	

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 weighted-average amortization period for identifiable intangible assets acquired in the Barat acquisition is 19 years.

The goodwill for Super Label is attributable to access to the label market in Malaysia, Indonesia, the Philippines and Thailand and the acquired workforce. The goodwill for Barat is attributable to access to the label market in the Bordeaux wine region and the acquired workforce. Goodwill arising from the Super Label and Barat acquisitions is not deductible for income tax purposes.

Below is a roll forward of the goodwill acquired from the acquisition date to December 31, 2015:

	Super Label	Barat
Balance at acquisition date	$ 14,095	$ 25,522
Foreign exchange impact	(973)	(659)
Balance at December 31, 2015	$ 13,122	$ 24,863

The accounts receivable acquired as part of the Super Label acquisition had a fair value of $8,564 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $8,809 and the estimated contractual cash flows that are not expected to be collected are $245. The accounts receivable acquired as part of the Barat acquisition had a fair value of $8,489 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $8,679 and the estimated contractual cash flows that are not expected to be collected are $190.

The net revenues and net income of Super Label included in the condensed consolidated statement of income for the three months ended December 31, 2015 were $9,305 and $311, respectively. The net revenues and net income of Super Label included in the condensed consolidated statement of income from the acquisition date through December 31, 2015 were $14,464 and $1,101, respectively. The net revenues and net loss of Barat included in the condensed consolidated statement of income during the three months ended December 31, 2015 were $7,153 and $95, respectively. The net revenues and net income of Barat included in the condensed consolidated statement of income from the acquisition date through December 31, 2015 were $20,768 and $180, respectively.

Pro Forma Information

The following table provides the unaudited pro forma results of operations for the three and nine months ended December 31, 2015 and 2014 as if Super Label and Barat had been acquired as of the beginning of fiscal year 2015. 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.

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Net revenues	**$ 206,028**	$ 207,447	**$ 660,710**	$ 664,343
Net income attributable to Multi-Color	**$ 9,733**	$ 8,285	**$ 41,985**	$ 33,683
Diluted earnings per share	**$ 0.57**	$ 0.49	**$ 2.48**	$ 2.00

The following is a reconciliation of actual net revenues and net income attributable to Multi-Color Corporation to pro forma net revenues and net income:

	Three Months Ended				Nine Months Ended			
	December 31, 2015		December 31, 2014		**December 31, 2015**		December 31, 2014	
	Net revenues	**Net income**	**Net revenues**	**Net income**	**Net revenues**	**Net income**	**Net revenues**	**Net income**
Multi-Color Corporation actual results	**$ 206,028**	**$ 9,628**	$ 189,127	$ 9,543	**$ 643,732**	**$ 39,452**	$ 605,307	$ 34,105
Acquired companies results			18,320	(308)	**16,978**	**1,063**	59,036	2,309
Pro forma adjustments		**105**		(950)		**1,470**		(2,731)
Pro forma results	**$ 206,028**	**$ 9,733**	$ 207,447	$ 8,285	**$ 660,710**	**$ 41,985**	$ 664,343	$ 33,683

The following table identifies the pro forma adjustments:

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Acquired companies financing costs	**$**	$ 508	**$ 150**	$ 1,605
Acquisition transaction costs	**105**		**2,245**	
Incremental depreciation and amortization		(265)		(836)
Incremental interest costs		(1,193)	**(925)**	(3,500)

Pro forma adjustments	**$ 105**	$ (950)	**$ 1,470**	$ (2,731)

Other Acquisition Activity

On October 1, 2015, the Company acquired 100% of Supa Stik Labels (Supa Stik) for $6,787 less net cash acquired of $977. Supa Stik is located in Perth, West Australia and services the local wine, food & beverage and healthcare label markets. The purchase price includes $622 that is deferred for two years after the closing date. Effective May 1, 2015, the Company acquired 100% of Mr. Labels in Brisbane, Queensland Australia for $2,110. The purchase price includes $196 that is deferred until the first anniversary of the closing date. Mr. Labels provides labels primarily to food and beverage customers. The results of operations of these acquired businesses have been included in the condensed consolidated financial statements since the respective dates of acquisition and have been determined to be immaterial for purposes of further disclosure in this report.

The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is incomplete for Supa Stik. The purchase price allocation may change in future periods as the fair value estimates of assets and liabilities (including, but not limited to, accounts receivable, inventory, property, plant and equipment, intangibles and debt) and the valuation of the related tax assets and liabilities are completed.

Effective February 2, 2015, the Company acquired 100% of New Era Packaging (New Era) for $16,366 less net cash acquired of $1,741. New Era is based near Dublin, Ireland and specializes in labels for the healthcare, pharmaceutical and food industries. Effective January 5, 2015, the Company acquired 100% of Multi Labels Ltd. (Multi Labels) for $15,670 plus net debt assumed of $3,733. Multi Labels is based in Daventry, near London, England, and specializes in premium alcoholic beverage labels for spirits and imported wine. On July 1, 2014, the Company acquired 100% of Multiprint Labels Limited (Multiprint) based in Dublin, Ireland for $1,662 plus net debt assumed of $2,371. The purchase price included $273 that was deferred for one year after the closing date, which was paid during the three months ended September 30, 2015. Multiprint specializes in pressure sensitive labels for the wine & spirit and beverage markets in Ireland and the UK. The results of operations of these acquired businesses have been included in the condensed consolidated financial statements since the date of acquisition and have been determined to be individually and collectively immaterial for purposes of further disclosure in this report.

On February 1, 2014, the Company acquired the assets of the DI-NA-CAL label business, based near Cincinnati, Ohio, from Graphic Packaging International, Inc., for $80,667. DI-NA-CAL operates manufacturing facilities near Cincinnati, Ohio and Greensboro, North Carolina and provides decorative label solutions primarily in the heat transfer label markets for home & personal care and food & beverage through long-standing relationships with blue chip national and multi-national customers. Upon closing, $8,067 of the purchase price was deposited into an escrow account and was to be released to the seller on the 18 month anniversary of the closing date in accordance with the provisions of the escrow agreement. During the three months ended September 30, 2015, all but $598 of the escrow amount was released to the seller. The escrow amount is to fund certain potential obligations of the seller with respect to the transaction. The Company spent $452 in acquisition expenses related to the DI-NA-CAL acquisition. These expenses were recorded in selling, general and administrative expenses in the condensed consolidated statements of income, $1 in the fourth quarter of fiscal 2015, $44 in the second quarter of fiscal 2015, $102 in the first quarter of fiscal 2015 and $305 in the fourth quarter of fiscal 2014.

In conjunction with the acquisition of DI-NA-CAL, the Company recorded an indemnification asset of $427, which represented the seller s obligation to indemnify Multi-Color relating to pre-acquisition customer quality claims. As discussed above, an escrow fund exists for indemnification obligations, subject to certain minimum thresholds and deductibles. The seller paid the Company for the indemnification asset during the fourth quarter of fiscal 2015.

On October 1, 2013, the Company acquired 100% of John Watson & Company Limited (Watson) based in Glasgow, Scotland, for $21,634 less net cash acquired of $143. Watson is a leading glue-applied spirit label producer in the U.K. The purchase price included a performance based earnout of $8,498, estimated as of the acquisition date. The amount of the earnout was based on a comparison between EBITDA for the acquired business for fiscal 2013 and fiscal 2014 less certain adjustments and any claims to fund certain potential indemnification obligations of the seller with respect to the transaction. An additional $1,063 related to the earnout due to the sellers was accrued in the fourth quarter of fiscal 2014 based on better than estimated fiscal 2014 performance by the acquired company compared to estimates made at the time of the acquisition, which was recorded in other expense in the consolidated statements of income. In June 2014, the amount of the earnout was finalized and an additional $343 was accrued, which was recorded in other expense in the consolidated statements of income. The earnout was paid in July 2014.

On August 1, 2013, the Company acquired 100% of Flexo Print S.A. De C.V. (Flexo Print) based in Guadalajara, Mexico for $31,847 plus net debt assumed of $2,324. Flexo Print is a leading producer of home & personal care, food & beverage, wine & spirit and pharmaceutical labels in Latin America. Upon closing, $3,058 of the purchase price was deposited into an escrow account, and an additional $1,956 of the purchase price was retained by MCC and is deferred until the third anniversary of the closing date, at which time it should be deposited into the escrow account. These combined escrow amounts are to be released to the seller on the fifth anniversary of the closing date in accordance with the purchase agreement. An additional $757 of the purchase price was retained by MCC at closing and is to be paid to the seller on the third anniversary of the closing date in accordance with the purchase agreement. The combined escrow and retention amounts are to fund certain potential indemnification obligations of the seller with respect to the transaction. The Company spent $359 in acquisition expenses related to the Flexo Print acquisition. These expenses were recorded in selling, general and administrative expenses in the condensed consolidated statements of income, $2 in the first quarter of fiscal 2015 and $357 in fiscal 2014.

In the fourth quarter of fiscal 2014, second quarter of fiscal 2015, third quarter of fiscal 2015 and first quarter of fiscal 2016, the Company adjusted the deferred payment by $(1,157), $69, $69 and $217, respectively, in settlement of an indemnification claim.

In conjunction with the acquisition of Flexo Print, the Company recorded an indemnification asset of $3,279, which represents the seller s obligation under the purchase agreement to indemnify Multi-Color for the outcome of potential contingent liabilities relating to uncertain tax positions. As discussed above, a portion of the purchase price has been held back by Multi-Color and additional funds are being held in an escrow account in order to support the sellers indemnification obligations.

On April 2, 2012, the Company acquired 100% of Labelgraphics (Holdings) Ltd. (Labelgraphics), a wine & spirit label specialist located in Glasgow, Scotland, for $24,634 plus net debt assumed of $712. The purchase price included a future performance based earnout of $3,461, estimated as of the acquisition date. The amount of the earnout was based on a comparison between EBITDA for the acquired business for fiscal 2012 and the average for fiscal 2013 and fiscal 2014 less certain adjustments and any claims to fund certain potential indemnification obligations of the seller with respect to the transaction. The accrual related to the earnout due to sellers was decreased to $500 in the fourth quarter of fiscal 2014 based upon the actual results of the acquired company for fiscal 2013 and 2014 compared to the estimates made at the time of acquisition and was paid in July 2014.

10. 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 - Unobservable inputs.

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

Derivative Financial Instruments

As of December 31, 2015, the Company has three non-amortizing interest rate Swaps with a total notional amount of $125,000 to convert variable interest rates on a portion of outstanding debt to fixed interest rates to minimize interest rate risk. Upon inception, the Swaps were designated as a cash flow hedge, and the Company adjusted the carrying value of these derivatives to their estimated fair value and recorded the adjustment in accumulated other comprehensive income (loss).

In conjunction with entering into the Credit Agreement on November 21, 2014 (see Note 4), the Company de-designated the Swaps as a cash flow hedge. Subsequent to November 21, 2014, changes in the fair value of the de-designated Swaps are immediately recognized in interest expense. See Note 7 for additional information on the Swaps.

The Company periodically enters into foreign currency forward contracts to fix the purchase price of foreign currency denominated firm commitments. In addition, the Company periodically enters into short-term foreign currency forward contracts to fix the U.S. dollar value of certain intercompany loan payments, which settle in the following quarter. As of December 31, 2015, the Company had two open contracts related to intercompany loan payments. The contracts are not designated as hedging instruments; therefore, changes in the fair value of the contracts are immediately recognized in other income and expense in the condensed consolidated statements of income. See Note 7 for additional information on the fair value of these contracts.

Two contracts to fix the purchase price in U.S. dollars of a Euro denominated firm commitment for the purchase of a press and other equipment settled during the nine months ended December 31, 2015. The contracts were designated as a fair value hedge and changes in the fair value of the contract were recorded in other income and expense in the condensed consolidated statements of income in the same period during which the related hedged item affected the condensed consolidated statements of income.

At December 31, 2015, the Company carried the following financial assets and liabilities at fair value:

	Fair Value at December 31, 2015	**Fair Value Measurement Using Level 1**	**Level 2**	**Level 3**	Balance Sheet Location
Assets:					
Derivatives not designated as hedging instruments:					
Foreign currency forward contracts	**$ 20**	**$**	**$ 20**	**$**	Prepaid expenses
Liabilities:					
Derivatives not designated as hedging instruments:					

Interest rate swaps	$	**(565)**	$		$	**(565)**	$		Accrued expenses and other liabilities

At March 31, 2015, the Company carried the following financial liabilities at fair value:

	Fair Value at March 31, 2015		Fair Value Measurement Using Level 1	Level 2		Level 3	Balance Sheet Location
Derivatives designated as hedging instruments:							
Foreign currency forward contract	$	(470)	$	$	(470)	$	Accrued expenses and other liabilities
Derivatives not designated as hedging instruments:							
Interest rate swaps		(1,468)			(1,468)		Other long-term liabilities
Total liabilities	$	(1,938)	$	$	(1,938)	$	

The Company values the Swaps using 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, other intangible assets and long-lived assets impairment analyses, the valuation of acquired intangibles and other long-lived assets 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 their fair values. During the three and nine months ended December 31, 2015, the Company did not adjust goodwill or intangible assets to their fair values as a result of any impairment analyses. As a result of the impairment test during the fourth quarter of fiscal 2014, the Company recorded an estimated non-cash goodwill impairment charge of $13,475 related to our Latin America Wine & Spirit (LA W&S) reporting unit. During the three months ended September 30, 2014, the Company finalized the fiscal 2014 impairment test and recorded an additional non-cash goodwill impairment charge of $951 for LA W&S. Goodwill and intangible assets are valued using Level 3 inputs.

As a result of the decision to close our manufacturing facility located in Greensboro, North Carolina, during the three and nine months ended December 31, 2015 non-cash fixed asset impairment charges of $44 and $786, respectively, were recorded, primarily to write off certain machinery and equipment that is not being transferred to other locations and will be abandoned.

As a result of the decision to close a manufacturing facility located in Dublin, Ireland, during the three months ended December 31, 2015 a non-cash fixed asset impairment charge of $54 was recorded to write off certain leasehold improvements that are not being transferred to other locations and will be abandoned.

As a result of the decision to close our manufacturing facilities located in Norway, Michigan and Watertown, Wisconsin, during the three months ended September 30, 2014 a non-cash fixed asset impairment charge of $5,208 was recorded, primarily to write off certain machinery and equipment that was not transferred to other locations and was abandoned. During the three months ended December 31, 2015, an additional impairment charge of $534 was recorded to adjust the carrying value of the land and building held for sale at the Norway facility to their estimated fair value, less costs to sell, which were determined based upon a quoted market price.

These asset impairment charges were recorded in facility closure expenses in the condensed consolidated statements of income. See Note 13 for further information on these facility closures.

During the three months ended September 30, 2014, the Company also determined that it was more likely than not that certain fixed assets at the manufacturing facilities located in Chile and Argentina will be sold or otherwise disposed of significantly before the end of their estimated useful lives. A non-cash impairment charge of $621 related to these assets was recorded in selling, general and administrative expenses in the condensed consolidated statements of income, primarily to write-down certain machinery and equipment to their estimated fair values. In addition, the carrying amounts of certain machinery and equipment that was abandoned were written off.

The carrying value of cash and equivalents, 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 (Level 2). The fair value of the Notes was $246,563 as of December 31, 2015.

11. Accumulated Other Comprehensive Loss

The changes in the Company s accumulated other comprehensive loss by component consisted of the following:

	Foreign currency items	Gains and losses on cash flow hedges	Defined benefit pension and postretirement items	Total
Balance at March 31, 2015	$ (57,880)	$ (681)	$ (411)	$ (58,972)

OCI before reclassifications	**(18,801)**			**(18,801)**
Amounts reclassified from AOCI		**395**		**395**
Net current period OCI	**(18,801)**	**395**		**(18,406)**
Balance at December 31, 2015	**$ (76,681)**	**$ (286)**	**$ (411)**	**$ (77,378)**

Reclassifications out of accumulated other comprehensive loss consisted of the following:

	Three Months Ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Gains and losses on cash flow hedges:				
Interest rate swaps (1)	**$ 197**	$ 197	**$ 591**	$ 197
Tax	**(41)**	(97)	**(196)**	(97)
Net of tax	**156**	100	**395**	100
Defined benefit pension and postretirement items:				
Curtailment loss (2)		18		18
Tax		(7)		(7)
Net of tax		11		11
Total reclassifications, net of tax	**$ 156**	$ 111	**$ 395**	$ 111

(1) Reclassified from AOCI into interest expense in the condensed consolidated statements of income. See Note 7.

(2) Reclassified from AOCI into facility closure expenses in the condensed consolidated statements of income. This component is included in the computation of net periodic pension cost. See Note 13.

12. Goodwill and Intangible Assets

The changes in the Company s goodwill consisted of the following:

Balance at March 31, 2015:	
Goodwill, gross	$ 381,308
Accumulated impairment losses	(13,087)
Goodwill, net	368,221
Acquisitions	**42,354**
Adjustments to prior year acquisitions	**158**
Currency translation	**(9,517)**
Balance at December 31, 2015:	
Goodwill, gross	**412,749**
Accumulated impairment losses	**(11,533)**
Goodwill, net	**$ 401,216**

During the three months ended September 30, 2015, goodwill decreased by $13,015 related to measurement period adjustments for the Barat acquisition, which occurred during the first quarter of fiscal 2016. The decrease is primarily due to completion of the preliminary valuation of intangible assets of $19,957 offset by an increase of $6,507 due to completion of the preliminary valuation of the related deferred tax assets and liabilities. No material measurement period adjustments were made related to Barat during the three months ended December 31, 2015.

During the three months ended December 31, 2015, goodwill increased by $8,014 related to the Super Label acquisition. The increase is primarily due to a measurement period adjustment of $6,321 related to the fair value of the noncontrolling interests acquired and an increase of $2,160 related to the additional purchase price paid in conjunction with the compulsory acquisition of the remaining shares of Super Label during the period.

The Company s intangible assets consisted of the following:

	December 31, 2015			March 31, 2015		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$ 198,662**	**$ (45,257)**	**$ 153,405**	$ 179,206	$ (37,675)	$ 141,531
Technologies	**1,265**	**(1,265)**		1,325	(1,325)	
Trademarks	**1,071**	**(999)**	**72**	849	(849)	
Licensing intangible	**1,995**	**(1,995)**		1,972	(1,873)	99
Non-compete agreements	**5,081**	**(1,787)**	**3,294**	4,197	(900)	3,297
Lease intangible	**130**	**(65)**	**65**	129	(33)	96
Total	**$ 208,204**	**$ (51,368)**	**$ 156,836**	$ 187,678	$ (42,655)	$ 145,023

The amortization expense of intangible assets for the three months ended December 31, 2015 and 2014 was $3,231 and $2,830, respectively. The amortization expense of intangible assets for the nine months ended December 31, 2015 and 2014 was $9,633 and $8,653, respectively.

13. Facility Closures

Greensboro, North Carolina

On October 5, 2015, the Company announced plans to consolidate our manufacturing facility located in Greensboro, North Carolina into its other existing facilities. The transition has begun with final plant closure expected by the end of fiscal 2016.

Below is a summary of the exit and disposal costs related to the closure of the Greensboro facility:

		Total costs incurred		
	Total costs expected to be incurred	**Three Months Ended December 31, 2015**	**Nine Months Ended December 31, 2015**	**Cumulative costs incurred as of December 31, 2015**
Severance and other termination benefits	**$ 700**	**$ 500**	**$ 500**	**$ 500**
Other associated costs	**400**	**149**	**149**	**149**

Below is a reconciliation of the beginning and ending liability balances related to the exit and disposal costs:

	Balance at March 31, 2015	**Amounts Expensed**	**Amounts Paid**	**Balance at December 31, 2015**
Accrued severance and other termination benefits	$	**500**	**(57)**	**$ 443**
Other associated costs	$	**149**	**(149)**	**$**

Other associated costs primarily consist of costs to dismantle, transport and reassemble manufacturing equipment that is being moved from the Greensboro facility to other North American facilities.

As a result of the decision to close our Greensboro facility, as of September 30, 2015 the Company determined that it was more likely than not that certain fixed assets at the Greensboro facility would be sold or otherwise disposed of significantly before the end of their estimated useful lives. During the three and nine months ended December 31, 2015, non-cash impairment charges of $44 and $786, respectively, related to these assets were recorded in facility closure expenses in the condensed consolidated statements of income, primarily to write off certain machinery and equipment that is not being transferred to other locations and will be abandoned.

Dublin, Ireland

During the three months ended December 31, 2015, the Company began the process to consolidate our manufacturing facility located in Dublin, Ireland into our existing facility in Drogheda, Ireland. The consolidation is expected to be substantially complete by the end of fiscal 2016.

Below is a summary of the exit and disposal costs related to the closure of the Dublin facility:

	Total costs expected to be incurred	Total costs incurred Three Months Ended December 31, 2015	Total costs incurred Nine Months Ended December 31, 2015	Cumulative costs incurred as of December 31, 2015
Severance and other termination benefits	$ 300	$ 208	$ 208	$ 208
Contract termination costs	150			
Other associated costs	400	208	223	223

Below is a reconciliation of the beginning and ending liability balances related to the exit and disposal costs:

	Balance at March 31, 2015	Amounts Expensed	Amounts Paid	Balance at December 31, 2015
Accrued severance and other termination benefits	$	208	(158)	$ 50
Other associated costs	$	223	(141)	$ 82

Other associated costs primarily consist of costs to dismantle, transport and reassemble manufacturing equipment that is being moved from Dublin to Drogheda and costs to relocate employees.

As a result of the decision to close our Dublin facility, during the three months ended December 31, 2015 a non-cash fixed asset impairment charge of $54 was recorded to write off certain leasehold improvements that are not being transferred to other locations and will be abandoned.

The cumulative costs incurred in conjunction with the closure as of December 31, 2015 are $485, which were recorded in facility closure expenses in the condensed consolidated statements of income.

Norway, Michigan and Watertown, Wisconsin

On September 16, 2014, the Company decided to close our manufacturing facilities located in Norway, Michigan and Watertown, Wisconsin, subject to satisfactory completion of the customer qualification process. Due to available capacity, we transitioned the Norway and Watertown business to other North American facilities. On November 4, 2014, the Company communicated to employees its plans to close the Norway and Watertown facilities. Production at the facilities ceased during the fourth quarter of fiscal 2015. The land and building at the Norway facility were classified as held for sale as of December 31, 2015. The land and building at the Watertown facility were sold during the three months ended September 30, 2015, and a gain of $476 was recorded in facility closure expenses in the condensed consolidated statements of income.

Below is a summary of the exit and disposal costs related to the closure of the Norway and Watertown facilities:

	Total costs expected to be incurred	Total costs incurred Three Months Ended December 31, 2015	Total costs incurred Three Months Ended December 31, 2014	Total costs incurred Nine Months Ended December 31, 2015	Total costs incurred Nine Months Ended December 31, 2014	Cumulative costs incurred as of December 31, 2015
	$ 2,100	$ 19	$ 1,554	$ 197	$ 1,554	$ 2,086

Severance and other termination benefits						
Contract termination costs	**64**					**64**
Other associated costs	**1,000**	**74**	152	**340**	152	**931**

Below is a reconciliation of the beginning and ending liability balances related to the exit and disposal costs:

	Balance at March 31, 2015	**Amounts Expensed**	**Amounts Paid**	**Balance at December 31, 2015**
Accrued severance and other termination benefits	$ 747	**197**	**(944)**	**$**
Other associated costs	$ 19	**340**	**(285)**	**$ 74**

Other associated costs primarily consist of costs to dismantle, transport and reassemble manufacturing equipment that is being moved from the Norway and Watertown facilities to other North American facilities and costs to maintain the facilities while held for sale.

During the three months ended September 30, 2014, the Company recorded a non-cash impairment charge of $5,208 related to property, plant and equipment at the Norway and Watertown facilities, which was recorded in facility closure expenses in the condensed consolidated statements of income. During the three months ended December 31, 2015, an additional impairment charge of $534 was recorded to adjust the carrying value of the land and building held for sale at the Norway facility to their estimated fair value, less costs to sell. See Note 10.

Due to the closure of the Norway facility, in January 2015 the Company withdrew from a multiemployer pension plan covering certain current and former employees of this plant. During the three months ended December 31, 2014, the Company recorded a loss contingency of $214 for our estimated withdrawal liability, which was recorded in facility closure expenses in the condensed consolidated statements of income. See Note 15.

During the three months ended December 31, 2014, the Company recorded a curtailment loss of $18 related to the defined benefit pension plan that covers eligible union employees of our Norway plant who were hired prior to July 14, 1998. The curtailment loss was recorded to facility closure expenses in the condensed consolidated statements of income.

The cumulative costs incurred in conjunction with the closure as of December 31, 2015 are $7,866, which were recorded in facility closure expenses in the condensed consolidated statements of income. The cumulative costs incurred include the gain on sale of the Watertown facility, non-cash impairment charge related to the land and building at the Norway facility and the exit and disposal costs above as well as a non-cash impairment charge related to property, plant and equipment (see Note 10), write off of raw materials not transferred to other facilities, settlement to withdrawal from a multiemployer pension plan, curtailment and settlement expense related to a defined benefit pension plan and curtailment gain related to a postretirement health and welfare plan, net of proceeds from the sale of property, plant and equipment that was not transferred to other locations, which were incurred in facility closure expenses during fiscal 2015.

El Dorado Hills, California

On October 16, 2013, the Company announced plans to consolidate our manufacturing facility located in El Dorado Hills, California, into the Napa, California facility. The transition was completed in the fourth quarter of fiscal 2014. In connection with the closure of the El Dorado Hills facility, the Company recorded charges of $128 during the nine months ended September 30, 2014 for employee termination benefits including severance and relocation and other costs, which included a reduction of $23 in the three months ended December 31, 2014 related to payroll tax adjustments. The total costs incurred in connection with the closure were $1,294, which were recorded in facility closure expenses in the condensed consolidated statements of income.

14. Commitments and Contingencies

Litigation

The Company is 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 matters, employee 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 or have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could be of a material nature or have a material adverse effect on our financial condition, results of operations and cash flows.

15. Supplemental Cash Flow Disclosures

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

	Nine Months Ended	
	December 31, 2015	December 31, 2014
Supplemental Disclosures of Cash Flow Information:		
Interest paid	**$ 21,948**	$ 14,117
Income taxes paid, net of refunds	**16,547**	11,871
Supplemental Disclosures of Non-Cash Activities:		
Capital expenditures incurred but not yet paid	**$ 2,528**	$ 568
Capital lease obligations incurred	**1,961**	
Change in interest rate swap fair value	**903**	611
Business combinations accounted for as a purchase:		
Assets acquired (excluding cash)	**$ 121,684**	$ 6,785
Liabilities assumed	**(33,734)**	(5,136)
Liabilities for deferred payments	**(577)**	(260)
Noncontrolling interests	**(3,477)**	
Net cash paid	**$ 83,896**	$ 1,389

16. Subsequent Events

On January 4, 2016, the Company acquired 100% of Cashin Print and System Label, which are located in Castlebar, Ireland and Roscommon, Ireland, respectively. These businesses supply multinational customers in Ireland, the United Kingdom and Continental Europe and provide Multi-Color with the opportunity to supply a broader product range to a larger customer base, especially in the healthcare market.

On January 19, 2016, the Company announced plans to consolidate our manufacturing facility located in Sonoma, California into our existing facility in Napa, California. The transition is expected to be complete by the end of calendar 2016.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
Information included in this Quarterly Report on Form 10-Q 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 the Company s Annual Report on Form 10-K for the year ended March 31, 2015 (the 2015 10-K). Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date thereof. Results for interim periods may not be indicative of annual results.

Refer to Forward-Looking Statements following the index in this Form 10-Q. 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:

Executive Overview

We are 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, China and Southeast Asia with a comprehensive range of the latest label technologies in Pressure Sensitive, Glue-Applied (Cut and Stack), In-Mold, Shrink Sleeve and Heat Transfer.

Results of Operations

Three Months Ended December 31, 2015 compared to the Three Months Ended December 31, 2014:

Net Revenues

	2015	2014	**$ Change**	**% Change**
Net revenues	**$ 206,028**	$ 189,127	**$ 16,901**	**9%**

Net revenues increased 9% to $206,028 from $189,127 compared to the prior year quarter. Acquisitions occurring after the beginning of the third quarter of fiscal 2015 generated a 14% increase or $26,423. Foreign exchange rates, primarily driven by depreciation of the Euro and the Australian dollar, led to a 5% decrease in revenues quarter over quarter.

Cost of Revenues and Gross Profit

	2015	2014	**$ Change**	**% Change**
Cost of revenues	**$ 166,418**	$ 148,973	**$ 17,445**	**12%**
% of Net revenues	**80.8%**	78.8%		
Gross profit	**$ 39,610**	$ 40,154	**$ (544)**	**(1%)**
% of Net revenues	**19.2%**	21.2%		

Cost of revenues increased 12% or $17,445 compared to the prior year quarter. Acquisitions occurring after the beginning of the third quarter of fiscal 2015 contributed $22,604 or 15%, partially offset by the favorable impact of foreign exchange rates.

Gross profit decreased $544 or 1% compared to the prior year quarter. Acquisitions occurring after the beginning of the third quarter of fiscal 2015 contributed $3,819 to gross profit. Operating inefficiencies of $3,080 and unfavorable foreign exchange rates of $1,283 resulted in a net reduction in gross profit in the quarter. Gross margins were 19.2% of net revenues for the current year quarter compared to 21.2% in the prior year quarter. Operating inefficiencies in our core markets globally and the impact of foreign exchange rates led to a 1.3% reduction in gross margin. The remaining reduction in gross margin is due to acquisitions, which diluted the Company average.

Selling, General and Administrative Expenses and Facility Closure Expenses

	2015	2014	$ Change	% Change
Selling, general and administrative expenses	**$ 20,423**	$ 15,978	**$ 4,445**	**28%**
% of Net revenues	**9.9%**	8.4%		
Facility closure expenses	**$ 1,790**	$ 1,915	**$ (125)**	**(7%)**
% of Net revenues	**0.9%**	1.0%		

Selling, general and administrative expenses increased $4,445 or 28% compared to the prior year quarter. Acquisitions occurring after the beginning of the third quarter of fiscal 2015 contributed $3,420 to the increase, partially offset by a decrease of $695 due to the favorable impact of foreign exchange rates. In the current year quarter, the Company incurred $588 of acquisition and integration expenses, compared to $451 in the prior year quarter. The remaining increase primarily relates to professional fees and compensation expense year over year, including an incremental $1,270 in relation to compliance costs. The majority of the compliance costs relate to consulting expenses incurred in relation to measures to strengthen our internal control environment and remediation of material weaknesses. We expect to continue to incur these costs into the beginning of fiscal 2017. See Item 4.

Facility closure expenses were $1,790 in the current year quarter. In October 2015, the Company announced plans to consolidate its manufacturing facilities located in Greensboro, North Carolina into its other existing facilities. The Company recorded $693 of facility closure expenses related to this consolidation during the current year quarter. Additionally, the Company is consolidating its manufacturing facilities in Dublin, Ireland into a single location. In connection with this consolidation, the Company recorded $470 in facility closure expenses during the current year quarter. During the current year quarter, the Company also recorded $627 of facility closure expenses related to the previously announced closures of our manufacturing facilities located in Norway, Michigan and Watertown, Wisconsin, primarily related to the write-down of the building in Norway, Michigan. In the prior year quarter, the Company recorded $1,915 of facility closure expenses primarily related to the closures in Norway, Michigan and Watertown, Wisconsin.

Interest Expense and Other Expense (Income), Net

	2015	2014	$ Change	% Change
Interest expense	**$ 6,102**	$ 8,147	**$ (2,045)**	**(25%)**
Other expense (income), net	**$ 650**	$ (213)	**$ 863**	**405%**

Interest expense decreased $2,045 or 25% compared to the prior year quarter primarily due to the write off of deferred financing fees of $2,056 related to refinancing of debt in the prior year quarter.

Other expense was $650 in the current quarter compared to income of $213 in the prior year quarter. This was primarily due to gains and losses on foreign exchange.

Income Tax Expense

	$	%

	2015	2014	Change	Change
Income tax expense	**$ 1,008**	$ 4,784	**$ (3,776)**	**(79%)**

Our effective tax rate decreased to 9% in the current year quarter from 33% in the prior year quarter primarily due to the mix of income in some of our foreign jurisdictions, the impact of tax rate changes in certain foreign jurisdictions enacted during the quarter and other discrete items recognized during the current year quarter that reduced tax expense.

Nine Months Ended December 31, 2015 compared to the Nine Months Ended December 31, 2014:

Net Revenues

	2015	2014	$ Change	% Change
Net revenues	**$ 643,732**	$ 605,307	**$ 38,425**	**6%**

Net revenues increased 6% to $643,732 from $605,307 in the nine months ended December 31, 2015. Acquisitions occurring after the beginning of fiscal 2015 account for 11% of the increase or $66,567. Foreign exchange rates, primarily driven by depreciation of the Euro and the Australian dollar, led to a 5% decrease in revenues compared to the nine months ended December 31, 2014.

Cost of Revenues and Gross Profit

	2015	2014	$ Change	% Change
Cost of revenues	**$ 510,156**	$ 476,218	**$ 33,938**	**7%**
% of Net revenues	**79.2%**	78.7%		
Gross profit	**$ 133,576**	$ 129,089	**$ 4,487**	**3%**
% of Net revenues	**20.8%**	21.3%		

Cost of revenues increased 7% or $33,938 compared to the nine months ended December 31, 2014. Acquisitions occurring after the beginning of fiscal 2015 contributed $54,707 or 11%, partially offset by the favorable impact of foreign exchange rates.

Gross profit increased $4,487 or 3% compared to the nine months ended December 31, 2014. Acquisitions occurring after the beginning of fiscal 2015 contributed $11,860 being a 9% increase. Foreign exchange rates, primarily driven by depreciation of the Euro and the Australian dollar, led to a $4,884 or 4% decrease in gross profit and operating inefficiencies in our core markets globally resulted in a 2% decrease in gross profit compared to the nine months ended December 31, 2014. Gross margins were 20.8% of net revenues in the nine months ended December 31, 2015 compared to 21.3% in the nine months ended December 31, 2014.

Selling, General and Administrative Expenses and Facility Closure Expenses

	2015	2014	$ Change	% Change
Selling, general and administrative expenses	**$ 59,351**	$ 48,614	**$ 10,737**	**22%**
% of Net revenues	**9.2%**	8.0%		
Facility closure expenses	**$ 2,515**	$ 7,274	**$ (4,759)**	**(65%)**
% of Net revenues	**0.4%**	1.2%		

Selling, general and administrative expenses increased $10,737 or 22% compared to the nine months ended December 31, 2014. Acquisitions occurring after the beginning of the fiscal 2015 contributed $8,704 to the increase, partially offset by a decrease of $2,702 due to the favorable impact of foreign exchange rates. In the current year, the Company incurred $3,147 of acquisition and integration expenses, compared to $788 in the nine months ended

December 31, 2014. The remaining increase primarily relates to professional fees and compensation expenses year over year, including an incremental $1,858 in relation to compliance costs. The majority of the compliance costs relate to consulting expenses incurred in relation to remediation measures to strengthen our internal control environment and remediation of material weaknesses. See Item 4.

Facility closure expenses were $2,515 primarily related to consolidation of our manufacturing facilities located in Greensboro, North Carolina, Norway, Michigan and Watertown, Wisconsin into our other North American facilities, as well as consolidation of our Dublin, Ireland facilities. During the nine months ended December 31, 2014, the Company recorded $7,274 in facility closure expenses, $7,146 of which related to the closure of our manufacturing facilities located in Norway, Michigan and Watertown, Wisconsin. An additional $128 in facility closure expenses were incurred in the prior year related to the fiscal 2014 closure of our manufacturing facility in El Dorado Hills, California.

Goodwill Impairment

	2015	2014	$ Change	% Change
Goodwill impairment	$	$ 951	$ (951)	(100%)

As a result of the impairment test during the fourth quarter of fiscal 2014, the Company recorded an estimated non-cash goodwill impairment charge of $13,475 related to our Latin America Wine & Spirit (LA W&S) reporting unit. During the nine months ended December 31, 2014, the Company finalized the fiscal 2014 impairment test and recorded an additional non-cash goodwill impairment charge of $951 for LA W&S. This additional impairment was primarily due to a change in the fair value of the fixed assets and lease intangibles based on the final market valuation.

Interest Expense and Other Expense (Income), Net

	2015	2014	$ Change	% Change
Interest expense	$ 19,110	$ 19,828	$ (718)	(4%)
Other expense (income), net	$ 115	$ (264)	$ 379	144%

Interest expense decreased $718 or 4% compared to the nine months ended December 31, 2014 due to the write off of deferred financing fees of $2,056 related to the refinancing of debt in the prior year. This decrease was offset by an increase in debt borrowings to finance acquisitions.

Other expense was $115 in the current year compared to income of $264 in the nine months ended December 31, 2014. This was primarily due to gains and losses on foreign exchange.

Income Tax Expense

	2015	2014	$ Change	% Change
Income tax expense	$ 12,940	$ 18,581	$ (5,641)	(30%)

Our effective tax rate decreased to 25% in the nine months ended December 31, 2015 from 35% in the nine months ended December 31, 2014 primarily due to the mix of income in some of our foreign jurisdictions, the impact of tax rate changes in certain foreign jurisdictions enacted during the period and other discrete items recognized during the current year that reduced tax expense.

Liquidity and Capital Resources

Comparative Cash Flow Analysis

Through the nine months ended December 31, 2015, net cash provided by operating activities was $70,654 compared to $69,772 in the same period of the prior year. Net income adjusted for non-cash expenses consisting primarily of depreciation and amortization was $75,059 in the current year compared to $78,310 in the same period of the prior year. In addition, the current year included add-backs of $1,432 for non-cash charges related to the impairment of long-lived assets (primarily related to facility closures). The prior year included add-backs for non-cash charges related to the loss on the write off of deferred financing fees, the impairment of long-lived assets (primarily related to facility closures) and the impairment of goodwill of $2,056, $5,829, and $951, respectively. Our use of operating assets and liabilities of $4,405 in the current year decreased from a use of $8,538 in the prior year.

Through the nine months ended December 31, 2015, net cash used in investing activities was $109,555 compared to $23,650 in the same period of the prior year. Cash used in investing activities was $83,896 related to the acquisitions in the current year and $1,389 in the prior year related to the acquisition of Multiprint. The remaining net usage of $25,659 in the current year and $22,261 in the prior year were capital expenditure related, primarily for the purchase of presses, net of various sale proceeds. Capital expenditures were primarily funded by cash flows from operations.

Through the nine months ended December 31, 2015, net cash provided by financing activities was $50,166, which included $49,508 of net debt borrowings (primarily used to finance acquisitions) and $4,329 of proceeds from various stock transactions, offset by $1,141 related to contingent consideration and deferred payments related to the Monroe Etiquette and Multiprint acquisitions and dividends paid of $2,512.

Through the nine months ended December 31, 2014, net cash used in financing activities was $41,287, which consisted of net debt payments of $24,182, proceeds from various stock transactions of $3,756 and dividends paid of $2,473. Financing activities in the prior year also include $10,916 in contingent consideration payments related to the John Watson and Labelgraphics acquisitions. Financing activities in the prior year include $250,000 in long-term debt borrowings related to the issuance of the 6.125% Senior Notes due 2022 (the Notes) in the third quarter of fiscal 2015, $341,650 in payments to pay off the Term Loan under the prior credit agreement and $7,472 in debt issuance costs paid in conjunction with the issuance of the Notes and Amended and Restated Credit Agreement (the Credit Agreement).

Capital Resources

On November 21, 2014, the Company issued $250,000 aggregate principal amount of the Notes. The Notes are unsecured senior obligations of the Company. Interest is payable on June 1st and December 1st of each year beginning June 1, 2015 until the maturity date of December 1, 2022. The Company s obligations under the Notes are guaranteed by certain of the Company s existing direct and indirect wholly-owned domestic subsidiaries that are guarantors under the Credit Agreement. In connection with the issuance of the Notes, the Company incurred debt issuance costs of $5,413 during fiscal 2015, which are being deferred and amortized over the eight year term of the Notes.

Concurrent with the issuance and sale of the Notes, the Company amended and restated its credit agreement. The Credit Agreement provides for revolving loans of up to $500,000 for a five year term expiring on November 21, 2019. The aggregate commitment amount is comprised of the following: (i) a $460,000 revolving credit facility (the U.S. Revolving Credit Facility) and (ii) an Australian dollar equivalent of a $40,000 revolving credit facility (the Australian Revolving Sub-Facility).

Upon issuance of the Notes, the Company was required to repay in full the Term Loan Facility under the terms of its prior credit agreement. On November 21, 2014, the Company repaid the outstanding balance of $341,625 on the Term Loan Facility using the net proceeds from the Notes and borrowings on the U.S. Revolving Credit Facility. The repayment of the Term Loan Facility was treated primarily as an extinguishment of debt. As a result, $2,001 in unamortized deferred financing fees were recorded to interest expense during fiscal 2015 as a loss on the extinguishment of debt. The remaining unamortized fees of $2,275 and new debt issuance costs of $2,526, which were incurred during fiscal 2015 in conjunction with the Credit Agreement, were deferred and are being amortized over the five year term of the Credit Agreement.

The Credit Agreement may be used for working capital, capital expenditures and other corporate purposes and to fund permitted acquisitions (as defined in the Credit Agreement). Loans under the Credit Agreement bear interest at variable rates plus a margin, based on the Company s consolidated senior secured leverage ratio at the time of the borrowing. The weighted average interest rate on borrowings under the U.S. Revolving Credit Facility was 2.32% and 2.02% at December 31, 2015 and March 31, 2015, respectively, and on borrowings under the Australian Revolving Sub-Facility was 3.86% and 4.01% at December 31, 2015 and March 31, 2015, respectively.

The Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants which require the Company to maintain the following financial covenants at the end of each quarter: (i) a maximum consolidated senior secured leverage ratio of no more than 3.50 to 1.00; (ii) a maximum consolidated leverage ratio of no more than 4.50 to 1.00; and (iii) a minimum consolidated interest coverage ratio of not less than 4.00 to 1.00. The Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The U.S. Revolving Credit Facility and the Australian Revolving Sub-Facility are secured by the capital stock of subsidiaries, substantially all of the assets of each of our domestic subsidiaries, but excluding existing and non-material real property, and intercompany debt. The Australian Revolving Sub-Facility is also secured by substantially all of the assets of the Australian borrower and its direct and indirect subsidiaries.

The Credit Agreement and the indenture governing the Notes (the Indenture) limit the Company s ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indenture, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, engage in mergers, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Credit Agreement and the Indenture, certain changes in control of the Company could result in the occurrence of an Event of Default. In addition, the Credit Agreement limits the ability of the Company to modify terms of the Indenture. As of December 31, 2015, the Company was in compliance with the covenants in the Credit Agreement and the Indenture.

The Company recorded $423 and $532 in interest expense for the three months ended December 31, 2015 and 2014, respectively, in the condensed consolidated statements of income to amortize deferred financing costs. The Company recorded $1,269 and $1,774 in interest expense for the nine months ended December 31, 2015 and 2014, respectively, in the condensed consolidated statements of income to amortize deferred financing costs.

Available borrowings under the Credit Agreement at December 31, 2015 consisted of $228,237 under the U.S. Revolving Credit Facility and $11,508 under the Australian Revolving Sub-Facility. The Company also has various other uncommitted lines of credit available at December 31, 2015 in the amount of $9,317.

Cash flows provided by operating activities and borrowings have historically supplied us with a significant source of liquidity. We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. We had a working capital position of $124,212 and $99,951 at December 31, 2015 and March 31, 2015, 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 December 31, 2015:

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
Long-term debt	$ 511,428	$ 605	$ 1,198	$ 115	$ 259,510	$	$ 250,000
Capital leases	3,846	861	1,051	789	793	352	
Interest on long-term debt (1)	132,790	23,783	22,928	21,736	19,681	15,313	29,349
Rent due under operating leases	64,505	13,092	10,483	8,495	7,441	6,745	18,249
Unconditional purchase obligations	23,764	22,914	531	285	33	1	
Pension and post retirement obligations	375			1	13	14	347
Unrecognized tax benefits (2)							
Deferred purchase price	3,119	1,925	645	549			
Total contractual obligations	**$ 739,827**	**$ 63,180**	**$ 36,836**	**$ 31,970**	**$ 287,471**	**$ 22,425**	**$ 297,945**

(1) Interest on floating rate debt was estimated using projected forward LIBOR and BBSY rates as of December 31, 2015.

(2) The table excludes $5,142 of liabilities related to unrecognized tax benefits as the timing and extent of such payments are not determinable.

Recent Acquisitions

On October 1, 2015, the Company acquired 100% of Supa Stik Labels (Supa Stik) for $6,787 less net cash acquired of $977. Supa Stik is located in Perth, West Australia and services the local wine, food & beverage and healthcare label markets. The purchase price includes $622 that is deferred for two years after the closing date.

On August 11, 2015, the Company acquired 90% of the shares of Super Label based in Kuala Lumpur, Malaysia, which was publicly listed on the Malaysian stock exchange. As of September 30, 2015, the Company owned 94.57% of Super Label. During the three months ended December 31, 2015, the Company delisted Super Label and compulsorily acquired the remaining shares. The total purchase price was $39,782 less net cash acquired of $6,045. Super Label has operations in Malaysia, Indonesia, the Philippines, Thailand and China and produces home & personal care, food & beverage and specialty consumer products labels. This acquisition expands our presence in China and gives us access to new label markets in Southeast Asia.

On May 4, 2015, the Company acquired 100% of Barat Group (Barat) based in Bordeaux, France for $49,973 less net cash acquired of $746. Barat operates four manufacturing facilities in Bordeaux and Burgundy, France, and the acquisition gives the Company access to the label market in the Bordeaux wine region and expands our presence in Burgundy.

Effective May 1, 2015, the Company acquired 100% of Mr. Labels in Brisbane, Queensland Australia for $2,110. The purchase price includes $196 that is deferred until the first anniversary of the closing date. Mr. Labels provides labels primarily to food and beverage customers.

Effective February 2, 2015, the Company acquired 100% of New Era Packaging (New Era) for $16,366 less net cash acquired of $1,741. New Era is based near Dublin, Ireland and specializes in labels for the healthcare, pharmaceutical and food industries.

Effective January 5, 2015, the Company acquired 100% of Multi Labels Ltd. (Multi Labels) for $15,670 plus net debt assumed of $3,733. Multi Labels is based in Daventry, near London, England, and specializes in premium alcoholic beverage labels for spirits and imported wine.

On July 1, 2014, the Company acquired Multiprint Labels Limited (Multiprint) based in Dublin, Ireland for $1,662 plus net debt assumed of $2,371. The purchase price included $273 that was deferred for one year after the closing date. Multiprint specializes in pressure sensitive labels for the wine & spirit and beverage markets in Ireland and the UK.

Critical Accounting Policies and Estimates

The preparation of condensed 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.

Our critical accounting policies and estimates are discussed in the Critical Accounting Policies and Estimates section of Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our 2015 10-K. In addition, our significant accounting policies are discussed in Note 2 of the Notes to Consolidated Financial Statements included in our 2015 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has no material changes to the disclosures made in the Company s Annual Report on Form 10-K for the year ended March 31, 2015.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company s management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the Company s disclosure controls and procedures, as defined in Rules

13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of December 31, 2015. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company s disclosure controls and procedures were not effective as of December 31, 2015 due to the material weaknesses identified in our internal control over financial reporting described below.

As previously disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, we identified the following material weaknesses in the Company s internal control over financial reporting:

> Our Information Technology General Controls (ITGC) intended to restrict access to data and applications were not adequate resulting in inappropriate access and improper segregation of duties at both the Information Technology and end user levels and across multiple applications. In addition, we did not have controls in place to adequately test the completeness and accuracy of system generated data used in the execution of our controls.

As a result of the pervasiveness of the ITGC weaknesses noted above and the degree to which the activity level controls rely on their effectiveness, we did not maintain a control environment that was designed and operating to prevent or detect a material misstatement in the Company s consolidated financial statements.

> A comprehensive system of controls has not been fully designed and implemented in certain locations of the Company or are otherwise not operating effectively, including the maintenance of sufficient documentary evidence of the operating effectiveness of controls to demonstrate that the controls as designed would prevent or detect a material misstatement in the Company s consolidated financial statements.

The material weaknesses did not result in any material identified audit adjustments.

As a result of these material weaknesses, there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has begun implementing changes to its internal control over financial reporting to remediate the control deficiencies that gave rise to the material weaknesses. Since the end of the fiscal year, we have taken steps, including the following, to remediate the material weaknesses described above:

- we have engaged third party consultants to assist management with the identification, documentation and testing of additional controls in order to improve the internal control environment;

- we have created and filled a number of new finance and accounting positions, specifically related to compliance and monitoring activities, in order to achieve effective execution and testing of the controls described above;

- we are transitioning certain of our information technology functions to our preferred information technology platforms; and

- we continue to consider and develop additional remediation plans to address the material weaknesses described above.

We believe the remediation measures will strengthen our internal control over financial reporting and remediate the material weaknesses identified. However, as we are still in the process of assessing and implementing these measures, the identified material weaknesses have not been fully remediated as of December 31, 2015. We will continue to monitor the effectiveness of these remediation measures and will make any changes and take such other actions that we deem appropriate.

We assessed the material weaknesses impact to the consolidated financial statements to ensure they were prepared in accordance with GAAP and present fairly the consolidated financial position, financial results of operations and cash flows as of and for the nine months ended December 31, 2015. Based on these additional procedures and assessment, we concluded that the consolidated financial statements included in this Form 10-Q present fairly, in all material aspects, our financial position, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

Except as described above, there were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

The Company had no material changes to the Risk Factors disclosed in the Company s Annual Report on Form 10-K for the year ended March 31, 2015.

Item 6. Exhibits

10.1	Amended and Restated Employment Agreement between Multi-Color Corporation and Nigel A. Vinecombe effective as of January 1, 2016
10.2	Amended and Restated Employment Agreement between Multi-Color Corporation and Vadis Rodato effective as of January 1, 2016
10.3	Employment Agreement between Multi-Color Corporation and David Buse effective as of January 1, 2016
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. 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. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements 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

(Registrant)

Date: February 9, 2016

By: /s/ Sharon E. Birkett
Sharon E. Birkett
Vice President, Chief Financial Officer,

Secretary