

Financial Highlights 2016

Year ended March 31 2016

Consolidated financial statements, etc.

Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	14,843	14,061
Notes and accounts receivable - trade	19,947	19,739
Merchandise and finished goods	7,362	6,637
Work in process	269	281
Raw materials and supplies	2,443	2,772
Prepaid expenses	153	122
Deferred tax assets	437	422
Accounts receivable - other	451	1,226
Other	264	264
Allowance for doubtful accounts	(21)	(70)
Total current assets	46,152	45,457
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,863	30,940
Accumulated depreciation	(22,460)	(22,451)
Buildings and structures, net	8,402	8,489
Machinery, equipment and vehicles	70,731	71,742
Accumulated depreciation	(62,881)	(62,201)
Machinery, equipment and vehicles, net	7,850	9,540
Tools, furniture and fixtures	8,486	8,557
Accumulated depreciation	(7,826)	(7,874)
Tools, furniture and fixtures, net	660	682
Land	10,334	10,333
Construction in progress	1,492	1,299
Total property, plant and equipment	28,740	30,345
Intangible assets		
Goodwill	2,126	1,864
Other	2,009	1,786
Total intangible assets	4,136	3,651
Investments and other assets		
Investment securities	4,484	4,437
Shares of subsidiaries and associates	22,278	21,795
Investments in capital of subsidiaries and associates	20	20
Long-term loans receivable	2	5
Long-term prepaid expenses	15	120
Net defined benefit asset	1,198	1,117
Deferred tax assets	34	35
Other	443	345
Allowance for doubtful accounts	(29)	(19)
Total investments and other assets	28,447	27,858
Total non-current assets	61,323	61,855
Total assets	107,476	107,312

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,075	9,159
Short-term loans payable	11,426	10,111
Current portion of bonds	1,100	100
Accounts payable - other	2,031	3,458
Income taxes payable	198	449
Accrued consumption taxes	674	122
Accrued expenses	937	906
Provision for bonuses	416	587
Provision for directors' bonuses	15	15
Provision for business structure improvement	50	-
Other	831	1,135
Total current liabilities	25,758	26,046
Non-current liabilities		
Bonds payable	400	1,800
Long-term loans payable	13,641	12,222
Lease obligations	996	1,614
Provision for environmental measures	154	34
Net defined benefit liability	3,034	3,231
Deferred tax liabilities	1,478	1,649
Other	770	767
Total non-current liabilities	20,475	21,319
Total liabilities	46,234	47,366
Net assets		
Shareholders' equity		
Capital stock	14,074	14,074
Capital surplus	17,300	17,300
Retained earnings	27,023	27,637
Treasury shares	(1,227)	(1,230)
Total shareholders' equity	57,170	57,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,398	1,401
Deferred gains or losses on hedges	(205)	(263)
Foreign currency translation adjustment	3,139	1,498
Remeasurements of defined benefit plans	(791)	(933)
Total accumulated other comprehensive income	3,540	1,701
Non-controlling interests	530	462
Total net assets	61,242	59,946
Total liabilities and net assets	107,476	107,312

ii) Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	70,161	70,456
Cost of sales	58,643	57,187
Gross profit	11,518	13,268
Selling, general and administrative expenses		
Haulage expenses	4,747	4,649
Traveling and transportation expenses	274	303
Provision of allowance for doubtful accounts	9	54
Employees' salaries	1,675	1,663
Provision for bonuses	138	174
Provision for directors' bonuses	15	15
Retirement benefit expenses	128	92
Welfare expenses	572	604
Rent expenses	174	141
Warehousing expenses	1,539	1,186
Taxes and dues	171	219
Supplies expenses	754	590
Depreciation	290	288
Other	1,875	2,038
Total selling, general and administrative expenses	12,368	12,022
Operating income (loss)	(850)	1,246
Non-operating income		
Interest income	12	11
Dividend income	135	75
Rent income on facilities	73	50
Share of profit of entities accounted for using equity method	802	1,144
Compensation income	38	117
Subsidy income	142	243
Other	375	327
Total non-operating income	1,580	1,969
Non-operating expenses		
Interest expenses	482	527
Depreciation	82	133
Taxes and dues	155	119
Other	219	320
Total non-operating expenses	940	1,101
Ordinary income (loss)	(209)	2,113

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Extraordinary income		
Gain on sales of non-current assets	8,247	–
Gain on sales of investment securities	46	–
Reversal of provision for business structure improvement	1,050	–
Reversal of asset retirement obligations	97	–
Reversal of provision for environmental measures	–	28
Other	180	–
Total extraordinary income	9,621	28
Extraordinary losses		
Loss on sales of non-current assets	3	24
Loss on abandonment of non-current assets	193	201
Impairment loss	173	–
Compensation payment	9	–
Business structure improvement expenses	626	–
Loss on abandonment of inventories	234	–
Other	81	–
Total extraordinary losses	1,322	225
Profit before income taxes	8,089	1,917
Income taxes - current	304	553
Income taxes - deferred	2,512	264
Total income taxes	2,816	818
Profit	5,272	1,098
Loss attributable to non-controlling interests	(146)	(40)
Profit attributable to owners of parent	5,419	1,139

iii) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,074	17,300	22,093	(1,225)	52,243
Cumulative effects of changes in accounting policies			35		35
Restated balance	14,074	17,300	22,128	(1,225)	52,278
Changes of items during period					
Dividends of surplus			(524)		(524)
Profit attributable to owners of parent			5,419		5,419
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	4,894	(2)	4,892
Balance at end of current period	14,074	17,300	27,023	(1,227)	57,170

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	884	(102)	(95)	(953)	(267)	629	52,605
Cumulative effects of changes in accounting policies							35
Restated balance	884	(102)	(95)	(953)	(267)	629	52,641
Changes of items during period							
Dividends of surplus							(524)
Profit attributable to owners of parent							5,419
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	514	(103)	3,234	161	3,808	(99)	3,708
Total changes of items during period	514	(103)	3,234	161	3,808	(99)	8,600
Balance at end of current period	1,398	(205)	3,139	(791)	3,540	530	61,242

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,074	17,300	27,023	(1,227)	57,170
Cumulative effects of changes in accounting policies					-
Restated balance	14,074	17,300	27,023	(1,227)	57,170
Changes of items during period					
Dividends of surplus			(524)		(524)
Profit attributable to owners of parent			1,139		1,139
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	614	(2)	611
Balance at end of current period	14,074	17,300	27,637	(1,230)	57,782

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,398	(205)	3,139	(791)	3,540	530	61,242
Cumulative effects of changes in accounting policies							-
Restated balance	1,398	(205)	3,139	(791)	3,540	530	61,242
Changes of items during period							
Dividends of surplus							(524)
Profit attributable to owners of parent							1,139
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	2	(58)	(1,641)	(142)	(1,839)	(67)	(1,907)
Total changes of items during period	2	(58)	(1,641)	(142)	(1,839)	(67)	(1,295)
Balance at end of current period	1,401	(263)	1,498	(933)	1,701	462	59,946

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	8,089	1,917
Depreciation	3,214	3,579
Impairment loss	173	–
Share of (profit) loss of entities accounted for using equity method	(802)	(1,144)
Business structure improvement expenses	102	–
Increase (decrease) in allowance for doubtful accounts	(5)	42
Increase (decrease) in net defined benefit liability	(147)	197
Increase (decrease) in provision for bonuses	(61)	171
Increase (decrease) in provision for directors' bonuses	2	(0)
Increase (decrease) in provision for business structure improvement	(1,185)	(50)
Increase (decrease) in provision for environmental measures	(14)	(119)
Loss on abandonment of property, plant and equipment	231	207
Loss (gain) on sales of property, plant and equipment	(8,243)	24
Amortization of goodwill	140	155
Interest and dividend income	(148)	(86)
Interest expenses	482	527
Decrease (increase) in notes and accounts receivable - trade	(31)	199
Decrease (increase) in inventories	754	300
Increase (decrease) in notes and accounts payable - trade	(873)	1,110
Other, net	(35)	(359)
Subtotal	1,642	6,672
Interest and dividend income received	577	411
Interest expenses paid	(555)	(541)
Income taxes paid	(228)	(348)
Income taxes refund	101	15
Net cash provided by (used in) operating activities	1,537	6,209
Cash flows from investing activities		
Payments into time deposits	–	(1,844)
Purchase of property, plant and equipment	(3,701)	(3,982)
Proceeds from sales of property, plant and equipment	8,846	229
Purchase of intangible assets	(238)	(26)
Purchase of investment securities	(5)	(7)
Proceeds from sales of investment securities	86	8
Payments of loans receivable	(3)	(5)
Collection of loans receivable	2	2
Other payments	(35)	(109)
Other proceeds	37	98
Net cash provided by (used in) investing activities	4,989	(5,636)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,049	278
Proceeds from long-term loans payable	1,830	600
Repayments of long-term loans payable	(4,115)	(3,470)
Proceeds from issuance of bonds	500	1,500
Redemption of bonds	–	(1,100)
Decrease (increase) in treasury shares	(2)	(2)
Repayments of lease obligations	(295)	(420)
Cash dividends paid	(526)	(525)
Dividends paid to non-controlling interests	(4)	(3)
Other payments	(12)	(63)
Net cash provided by (used in) financing activities	(576)	(3,207)
Effect of exchange rate change on cash and cash equivalents	40	7
Net increase (decrease) in cash and cash equivalents	5,990	(2,625)
Cash and cash equivalents at beginning of period	8,853	14,843
Cash and cash equivalents at end of period	14,843	12,217

Segment information

Segment information

1. Description of reportable segments

The reportable segments of Nihon Yamamura Glass Co., Ltd. (“the Company”) are constituent components of the Nihon Yamamura Glass Group (“the Group”) about which separate financial information is available. These segments are regularly reviewed by the management decision making body in order to decide the allocation of business resources and assess performance.

The Group’s business activities include the production and sale of glass bottles, plastic containers, and new glass products, and in relation to these products, the design, manufacture, and sale of various equipment and plants, as well as transportation, storage, internal operations, and other related activities.

The Company organizes these business activities into four reportable segments: glass bottles business, plastic containers business, logistics business, and new glass business.

2. Explanation of measurements of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting method for reportable business segments is largely the same as the method for preparing consolidated financial statements.

The internal sales or transfer among segments are based on actual market prices.

3. Disclosure of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2015

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount recorded on the consolidated statements of income (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net sales							
Net sales to external customers	46,904	8,176	10,918	4,162	70,161	–	70,161
Intersegment sales and transfers	38	869	11,470	6	12,384	(12,384)	–
Total	46,942	9,045	22,389	4,168	82,545	(12,384)	70,161
Segment profit (loss)	(1,002)	(386)	163	215	(1,010)	160	(850)
Segment assets	53,241	9,194	6,016	5,990	74,441	33,034	107,476
Other items							
Depreciation	2,153	401	190	215	2,960	253	3,214
Amortization of goodwill	140	–	–	–	140	–	140
Extraordinary losses (Impairment loss)	–	173	–	–	173	–	173
Increase in property, plant and equipment and intangible assets	4,550	242	12	117	4,923	(264)	4,659

Fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount recorded on the consolidated statements of income (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net sales							
Net sales to external customers	49,793	5,710	9,969	4,982	70,456	–	70,456
Intersegment sales and transfers	3	381	10,438	6	10,829	(10,829)	–
Total	49,796	6,091	20,408	4,989	81,285	(10,829)	70,456
Segment profit	466	36	276	443	1,222	23	1,246
Segment assets	55,572	9,525	5,517	6,897	77,513	29,799	107,312
Other items							
Depreciation	2,628	325	134	207	3,296	283	3,579
Amortization of goodwill	155	–	–	–	155	–	155
Increase in property, plant and equipment and intangible assets	4,604	435	13	222	5,276	(0)	5,276

Notes 1. The details of adjustment amounts are as follows:

(Millions of yen)

Net sales	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Elimination of intersegment transactions, etc.	(12,384)	(10,829)
Total	(12,384)	(10,829)

(Millions of yen)

Segment profit (loss)	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Elimination of intersegment transactions, etc.	154	113
Other adjustments*	5	(90)
Total	160	23

* Other adjustments include corporate expenses not attributable to reportable segments and adjustments of non-operating income (loss) recorded in reportable segments.

(Millions of yen)

Segment assets	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Elimination of intersegment transactions, etc.	(13,108)	(13,791)
Corporate assets*	46,142	43,590
Total	33,034	29,799

* Corporate assets refer mainly to assets of the entire Company not attributable to reportable segments.

(Millions of yen)

Depreciation	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Corporate assets*	253	283
Total	253	283

* Corporate assets refer mainly to assets of the entire Company not attributable to reportable segments.

(Millions of yen)

Increase in property, plant and equipment and intangible assets	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Elimination of intersegment transactions, etc.	(1,028)	(27)
Corporate assets*	763	26
Total	(264)	(0)

* Corporate assets refer mainly to assets of the entire Company not attributable to reportable segments.

2. Segment profit (loss) is adjusted with operating income (loss) in the consolidated statements of income.