

Quarterly Consolidated Financial Statements

Six months ended September 30, 2018

For the 2Q of the fiscal year ending March 31, 2019



Quarterly Consolidated financial statements

i) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	13,610	14,075
Notes and accounts receivable - trade	20,136	21,605
Merchandise and finished goods	6,997	6,891
Work in process	435	275
Raw materials and supplies	2,859	2,905
Other	1,148	1,083
Allowance for doubtful accounts	△87	△64
Total current assets	45,101	46,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,497	8,221
Machinery, equipment and vehicles, net	12,254	12,286
Tools, furniture and fixtures, net	766	936
Land	10,333	10,332
Construction in progress	857	806
Total property, plant and equipment	32,708	32,583
Intangible assets		
Other	1,712	1,602
Total intangible assets	1,712	1,602
Investments and other assets		
Investment securities	4,744	4,782
Shares of subsidiaries and associates	20,566	19,956
Net defined benefit asset	949	887
Other	711	713
Allowance for doubtful accounts	△25	△25
Total investments and other assets	26,945	26,314
Total non-current assets	61,366	60,500
Total assets	106,468	107,272

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,220	9,447
Short-term loans payable	6,858	6,942
Current portion of bonds	100	100
Income taxes payable	411	525
Provision for bonuses	600	679
Provision for directors' bonuses	15	11
Other	5,452	3,673
Total current liabilities	22,658	21,379
Non-current liabilities		
Bonds payable	1,600	1,550
Long-term loans payable	18,134	21,161
Lease obligations	1,298	1,661
Provision for environmental measures	33	23
Net defined benefit liability	3,158	3,171
Deferred tax liabilities	1,258	1,280
Other	695	642
Total non-current liabilities	26,179	29,491
Total liabilities	48,838	50,871
Net assets		
Shareholders' equity		
Capital stock	14,074	14,074
Capital surplus	16,697	16,697
Retained earnings	28,134	28,343
Treasury shares	△1,234	△1,234
Total shareholders' equity	57,672	57,880
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,870	1,898
Deferred gains or losses on hedges	13	80
Foreign currency translation adjustment	△1,214	△2,847
Remeasurements of defined benefit plans	△775	△673
Total accumulated other comprehensive income	△105	△1,542
Non-controlling interests	63	62
Total net assets	57,629	56,400
Total liabilities and net assets	106,468	107,272

ii) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	35,824	36,424
Cost of sales	28,478	29,850
Gross profit	7,345	6,573
Selling, general and administrative expenses	6,070	6,013
Operating profit	1,275	559
Non-operating income		
Interest income	3	2
Dividend income	54	61
Share of profit of entities accounted for using equity method	642	624
Other	241	213
Total non-operating income	941	903
Non-operating expenses		
Interest expenses	246	206
Foreign exchange losses	23	105
Taxes and dues	58	56
Other	157	144
Total non-operating expenses	485	512
Ordinary profit	1,730	950
Extraordinary income		
Gain on sales of non-current assets	8	5
Gain on sales of investment securities	–	6
Total extraordinary income	8	11
Extraordinary losses		
Loss on sales of non-current assets	1	54
Loss on abandonment of non-current assets	17	19
Amortization of goodwill	1,465	–
Compensation payment	278	–
Total extraordinary losses	1,763	73
Profit (loss) before income taxes	△24	888
Income taxes - current	387	455
Income taxes - deferred	△36	△42
Total income taxes	351	413
Profit (loss)	△375	474
Profit attributable to non-controlling interests	3	3
Profit (loss) attributable to owners of parent	△378	471

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit (loss)	△375	474
Other comprehensive income		
Valuation difference on available-for-sale securities	△18	27
Deferred gains or losses on hedges	50	67
Foreign currency translation adjustment	△129	△118
Remeasurements of defined benefit plans, net of tax	6	3
Share of other comprehensive income of entities accounted for using equity method	△942	△1,416
Total other comprehensive income	△1,034	△1,436
Comprehensive income	△1,409	△962
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,413	△965
Comprehensive income attributable to non-controlling interests	4	3

iii) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	△24	888
Depreciation	2,052	2,144
Amortization of goodwill	1,532	–
Decrease (increase) in notes and accounts receivable - trade	△1,489	△1,630
Increase (decrease) in notes and accounts payable - trade	839	△382
Other, net	△346	148
Subtotal	2,563	1,168
Interest and dividend income received	56	59
Interest expenses paid	△203	△213
Income taxes paid	△593	△358
Income taxes refund	25	71
Net cash provided by (used in) operating activities	1,848	728
Cash flows from investing activities		
Net decrease (increase) in time deposits	–	107
Purchase of property, plant and equipment	△2,654	△3,061
Other, net	△14	△171
Net cash provided by (used in) investing activities	△2,669	△3,125
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,362	△1
Proceeds from long-term loans payable	800	5,200
Repayments of long-term loans payable	△1,573	△1,969
Proceeds from sales and leasebacks	–	510
Cash dividends paid	△262	△262
Other, net	△716	△465
Net cash provided by (used in) financing activities	609	3,010
Effect of exchange rate change on cash and cash equivalents	△54	△36
Net increase (decrease) in cash and cash equivalents	△266	576
Cash and cash equivalents at beginning of period	12,083	11,193
Cash and cash equivalents at end of period	11,817	11,769

Segment information

I Six months ended September 30, 2017

1. Disclosure of net sales and profit/loss (Δ) for each reportable segment

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net Sales							
Net sales to external customers	25,272	3,303	5,160	2,087	35,824	–	35,824
Intersegment sales and transfers	2	253	5,347	3	5,605	Δ 5,605	–
Total	25,275	3,556	10,507	2,090	41,430	Δ 5,605	35,824
Segment profit/loss (Δ)	608	404	Δ 16	160	1,157	117	1,275

[Notes] (1) Segment profit/loss (Δ) adjustment of 117 million yen includes intersegment eliminations of 47 million yen and other adjustments of 70 million yen. Other adjustments include corporate expenses not attributable to reportable segments and adjustments of non-operating income/expenses recorded in reportable segments.

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

2. Information on impairment loss of non-current assets and goodwill for each reportable segments (Material changes in goodwill amount)

In Glass bottles business segment, loss on valuation of shares of subsidiaries and associates was recorded on its non-consolidated financial statements so the company made a one-time amortization of goodwill and reported this as an extraordinary loss. The resulting decrease in the value of goodwill amounted to 1,465 million yen in the 2Q of the fiscal year ending March 31, 2018.

II Six months ended September 30, 2018

1. Disclosure of net sales and profit/loss (Δ) for each reportable segment

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net Sales							
Net sales to external customers	24,466	3,820	5,709	2,427	36,424	–	36,424
Intersegment sales and transfers	0	258	5,247	3	5,510	Δ 5,510	–
Total	24,467	4,078	10,957	2,431	41,934	Δ 5,510	36,424
Segment profit/loss (Δ)	Δ 201	384	Δ 61	235	357	202	559

[Notes] (1) Segment profit/loss (Δ) adjustment of 202 million yen includes intersegment eliminations of 57 million yen and other adjustments of 144 million yen. Other adjustments include corporate expenses not attributable to reportable segments and adjustments of non-operating income/expenses recorded in reportable segments.

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

2. Information on impairment loss of non-current assets and goodwill for each reportable segments There is no applicable item.