

Consolidated Financial Statements

For the fiscal year ended March 31, 2019



Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,610	13,114
Notes and accounts receivable - trade	20,136	19,568
Merchandise and finished goods	6,997	7,174
Work in process	435	224
Raw materials and supplies	2,859	2,838
Prepaid expenses	153	140
Other	995	599
Allowance for doubtful accounts	△87	△51
Total current assets	45,101	43,609
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,980	32,086
Accumulated depreciation	△23,482	△24,064
Buildings and structures, net	8,497	8,022
Machinery, equipment and vehicles	76,388	79,366
Accumulated depreciation	△64,133	△65,472
Machinery, equipment and vehicles, net	12,254	13,894
Tools, furniture and fixtures	8,553	9,010
Accumulated depreciation	△7,787	△7,949
Tools, furniture and fixtures, net	766	1,060
Land	10,333	10,332
Construction in progress	857	291
Total property, plant and equipment	32,708	33,600
Intangible assets		
Other	1,712	1,512
Total intangible assets	1,712	1,512
Investments and other assets		
Investment securities	4,744	3,410
Shares of subsidiaries and associates	20,566	21,457
Investments in capital of subsidiaries and associates	20	20
Long-term loans receivable	3	2
Long-term prepaid expenses	79	45
Retirement benefit asset	949	860
Deferred tax assets	184	103
Other	423	409
Allowance for doubtful accounts	△25	△25
Total investments and other assets	26,945	26,283
Total non-current assets	61,366	61,396
Total assets	106,468	105,006

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,220	8,210
Short-term loans payable	6,858	6,939
Current portion of bonds	100	100
Accounts payable - other	3,271	3,499
Income taxes payable	411	360
Accrued consumption taxes	202	231
Accrued expenses	786	777
Provision for bonuses	600	499
Provision for bonuses for directors (and other officers)	15	17
Other	1,191	1,218
Total current liabilities	22,658	21,855
Non-current liabilities		
Bonds payable	1,600	1,500
Long-term loans payable	18,134	20,099
Lease obligations	1,298	1,425
Provision for environmental measures	33	21
Retirement benefit liability	3,158	3,133
Deferred tax liabilities	1,258	1,034
Other	695	687
Total non-current liabilities	26,179	27,902
Total liabilities	48,838	49,758
Net assets		
Shareholders' equity		
Capital stock	14,074	14,074
Capital surplus	16,697	16,697
Retained earnings	28,134	27,775
Treasury shares	△1,234	△1,236
Total shareholders' equity	57,672	57,311
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,870	1,258
Deferred gains or losses on hedges	13	△133
Foreign currency translation adjustment	△1,214	△2,715
Remeasurements of defined benefit plans	△775	△538
Total accumulated other comprehensive income	△105	△2,128
Non-controlling interests	63	65
Total net assets	57,629	55,248
Total liabilities and net assets	106,468	105,006

ii) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	70,360	70,251
Cost of sales	56,959	58,154
Gross profit	13,400	12,096
Selling, general and administrative expenses		
Haulage expenses	4,547	4,524
Traveling and transportation expenses	316	289
Provision of allowance for doubtful accounts	2	–
Employees' salaries	1,731	1,822
Provision for bonuses	170	140
Provision for bonuses for directors (and other officers)	15	17
Retirement benefit expenses	113	97
Welfare expenses	670	562
Rent expenses	204	189
Warehousing expenses	1,090	1,047
Taxes and dues	313	318
Supplies expenses	702	635
Depreciation	266	272
Other	1,970	1,896
Total selling, general and administrative expenses	12,115	11,813
Operating profit	1,284	282
Non-operating income		
Interest income	8	8
Dividend income	77	83
Rent income on facilities	48	61
Share of profit of entities accounted for using equity method	1,293	1,138
Compensation income	80	26
Other	438	434
Total non-operating income	1,946	1,754
Non-operating expenses		
Interest expenses	463	422
Foreign exchange losses	82	278
Depreciation	89	73
Taxes and dues	133	131
Other	292	252
Total non-operating expenses	1,062	1,158
Ordinary profit	2,168	878

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary income		
Gain on sales of non-current assets	13	11
Gain on sales of investment securities	420	212
Total extraordinary income	433	224
Extraordinary losses		
Loss on sales of non-current assets	1	53
Loss on abandonment of non-current assets	100	94
Loss on valuation of shares of subsidiaries and associates	40	–
Impairment loss	92	–
Amortization of goodwill	1,465	–
Compensation payment	278	–
Total extraordinary losses	1,980	147
Profit before income taxes	622	955
Income taxes - current	729	544
Income taxes - deferred	△252	237
Total income taxes	476	782
Profit	145	172
Profit attributable to non-controlling interests	15	6
Profit attributable to owners of parent	130	166

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	145	172
Other comprehensive income		
Valuation difference on available-for-sale securities	69	△612
Deferred gains or losses on hedges	88	△146
Foreign currency translation adjustment	38	△208
Remeasurements of defined benefit plans, net of tax	65	△2
Share of other comprehensive income of entities accounted for using equity method	△651	△1,053
Total other comprehensive income	△389	△2,023
Comprehensive income	△243	△1,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△252	△1,856
Comprehensive income attributable to non-controlling interests	8	6

iii) Consolidated statement of changes in shareholders' equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,074	16,697	28,528	△1,232	58,068
Changes of items during period					
Dividends of surplus			△524		△524
Profit attributable to owners of parent			130		130
Purchase of treasury shares				△1	△1
Disposal of treasury shares		-		-	-
Change of scope of consolidation			-		-
Change in ownership interest of parent due to transactions with non-controlling interests		-			-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	△394	△1	△396
Balance at end of current period	14,074	16,697	28,134	△1,234	57,672

	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	1,794	△75	△709	△732	276	58	58,403
Changes of items during period							
Dividends of surplus							△524
Profit attributable to owners of parent							130
Purchase of treasury shares							△1
Disposal of treasury shares							-
Change of scope of consolidation							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes of items other than shareholders' equity	76	88	△505	△42	△382	4	△377
Total changes of items during period	76	88	△505	△42	△382	4	△773
Balance at end of current period	1,870	13	△1,214	△775	△105	63	57,629

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,074	16,697	28,134	△1,234	57,672
Changes of items during period					
Dividends of surplus			△524		△524
Profit attributable to owners of parent			166		166
Purchase of treasury shares				△2	△2
Disposal of treasury shares		△0		0	0
Change of scope of consolidation			–		–
Change in ownership interest of parent due to transactions with non-controlling interests		–			–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	△0	△358	△2	△361
Balance at end of current period	14,074	16,697	27,775	△1,236	57,311

	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	1,870	13	△1,214	△775	△105	63	57,629
Changes of items during period							
Dividends of surplus							△524
Profit attributable to owners of parent							166
Purchase of treasury shares							△2
Disposal of treasury shares							0
Change of scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes of items other than shareholders' equity	△611	△146	△1,500	236	△2,022	2	△2,020
Total changes of items during period	△611	△146	△1,500	236	△2,022	2	△2,381
Balance at end of current period	1,258	△133	△2,715	△538	△2,128	65	55,248

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	622	955
Depreciation	4,241	4,471
Impairment loss	92	–
Share of loss (profit) of entities accounted for using equity method	△1,293	△1,138
Increase (decrease) in allowance for doubtful accounts	△0	△31
Increase (decrease) in retirement benefit liability	19	△23
Increase (decrease) in provision for bonuses	△17	△101
Increase (decrease) in provision for bonuses for directors (and other officers)	0	1
Increase (decrease) in provision for environmental measures	△5	△13
Loss on abandonment of property, plant and equipment	107	109
Loss (gain) on sales of property, plant and equipment	△11	41
Loss (gain) on sales of investment securities	△420	△212
Loss on valuation of shares of subsidiaries and associates	40	–
Amortization of goodwill	1,532	–
Interest and dividend income	△85	△92
Interest expenses	463	422
Decrease (increase) in notes and accounts receivable – trade	△133	465
Decrease (increase) in inventories	△305	△64
Increase (decrease) in notes and accounts payable – trade	1,155	△891
Other, net	340	714
Subtotal	6,344	4,609
Interest and dividend income received	508	415
Interest expenses paid	△469	△423
Income taxes paid	△1,046	△655
Income taxes refund	28	29
Net cash provided by (used in) operating activities	5,365	3,975

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Net decrease (increase) in time deposits	△121	162
Purchase of property, plant and equipment	△4,256	△5,155
Proceeds from sales of property, plant and equipment	20	41
Purchase of intangible assets	△90	△62
Purchase of investment securities	△6	△5
Proceeds from sales of investment securities	573	701
Purchase of shares of subsidiaries and associates	–	△897
Payments of loans receivable	△0	△102
Collection of loans receivable	2	2
Other payments	△85	△22
Other proceeds	9	14
Net cash provided by (used in) investing activities	△3,953	△5,325
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,557	△286
Proceeds from long-term loans payable	2,800	6,300
Repayments of long-term loans payable	△4,837	△3,769
Redemption of bonds	△100	△100
Decrease (increase) in treasury shares	△1	△2
Repayments of lease obligations	△1,039	△880
Proceeds from sale and leaseback transactions	–	499
Cash dividends paid	△525	△524
Dividends paid to non-controlling interests	△3	△3
Other payments	△74	△45
Net cash provided by (used in) financing activities	△2,225	1,186
Effect of exchange rate change on cash and cash equivalents	△76	△158
Net increase (decrease) in cash and cash equivalents	△890	△320
Cash and cash equivalents at beginning of period	12,083	11,193
Cash and cash equivalents at end of period	11,193	10,872

Segment information

1. Overview of reportable segments

The Yamamura Group's reportable segments are group components for which separate financial information is available and which are regularly reviewed by the management decision-making body in deciding how to allocate resources and in assessing their performance.

The Yamamura Group manufactures and sells glass bottles, plastic containers and new glass products. In addition, the group conducts business in the design/fabrication/sale/transportation/storage/yard operation etc. of equipments and plants related to the above business fields.

The Yamamura Group defines following four business segments as its reportable business segments based on the business activities described above: Glass bottles business, Plastic containers business, Logistics business, New glass business.

2. Method for calculating sales, profit/loss (Δ), assets, liabilities, and other items for each reportable segment

The accounting methods applied to the business segments reported are generally the same as the those for the consolidated financial statements.

Intersegment sales and transfers are based on market price.

The Yamamura Group changed the method for management of internal assets in the fiscal year ended March 31, 2019. There is no effect from this change in the segment profit in this fiscal year.

3. Disclosure of net sales, profit/loss (Δ), assets, liabilities, and other items for each reportable segment Fiscal year ended March 31, 2018

(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	49,282	5,999	10,407	4,669	70,360	–	70,360
Intersegment sales and transfers	4	438	10,449	6	10,898	Δ 10,898	–
Total	49,287	6,438	20,857	4,676	81,259	Δ 10,898	70,360
Segment profit	305	511	116	402	1,336	Δ 51	1,284
Segment assets	51,454	10,321	6,428	6,681	74,886	31,581	106,468
Other items							
Depreciation	3,176	396	209	226	4,008	232	4,241
Amortization of goodwill (Note 3)	1,532	–	–	–	1,532	–	1,532
Impairment loss	92	–	–	–	92	–	92
Increase in property, plant and equipment and intangible assets	3,725	417	71	133	4,348	68	4,417

Fiscal year ended March 31, 2019

(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	47,806	6,769	11,389	4,285	70,251	–	70,251
Intersegment sales and transfers	0	477	10,394	6	10,879	△10,879	–
Total	47,807	7,246	21,784	4,291	81,130	△10,879	70,251
Segment profit/loss (△)	△905	418	118	314	△54	336	282
Segment assets	49,392	6,436	6,148	4,514	66,491	38,514	105,006
Other items							
Depreciation	3,339	420	266	214	4,241	229	4,471
Amortization of goodwill	–	–	–	–	–	–	–
Impairment loss	–	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	4,109	877	26	228	5,242	103	5,345

[Notes]

(1) The breakdown of adjustment is as follows:

(Millions of yen)

Net Sales	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Intersegment eliminations	△10,898	△10,879
Total	△10,898	△10,879

(Millions of yen)

Segment profit/loss (△)	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Intersegment eliminations	106	119
Other adjustments*	△157	217
Total	△51	336

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

(Millions of yen)

Segment assets	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Intersegment eliminations	△10,489	△11,818
Corporate assets*	42,071	50,333
Total	31,581	38,514

* Corporate assets are mainly those not attributable to reportable segments.

(Millions of yen)

Depreciation	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Corporate assets*	232	229
Total	232	229

* Corporate assets are mainly those not attributable to reportable segments.

(Millions of yen)

Increase in property, plant and equipment and intangible assets	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Intersegment eliminations	—	—
Corporate assets*	68	103
Total	68	103

* Corporate assets are mainly those not attributable to reportable segments.

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

(3) Amortization amount of goodwill includes "amortization of goodwill" of extraordinary loss.

Per Share Information

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	5,485.33 yen	5,258.90 yen
Profit and loss per share	12.41 yen	15.83 yen

[Notes] (1) Diluted profit per share is not reported because there were no dilutive shares.

(2) The Company conducted a consolidation of shares of common stock at the ratio of ten shares to one share on October 1, 2018. However, net assets per share and profit and loss per share have been calculated as though the share consolidation took place on April 1, 2017.

(3) The basis for calculation of profit and loss per share is as follows:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit and loss attributable to owners of parent (millions of yen)	130	166
Amount not attributed to common shareholders (millions of yen)	—	—
Profit and loss attributable to owners of parent on common stock (millions of yen)	130	166
Average number of common stock (thousand shares)	10,495	10,494

Significant Subsequent Event

There are no applicable items.

Change of Company Directors

1. Change of representative director

There are no applicable items.

2. Change of other directors (as of June 26, 2019)

1) Candidate for new director (excluding members of the audit and supervisory committee)

Name	New position	Current position
Mitsuo Ueda	Director & Executive Officer President of Glass Bottle Company	Executive Officer President of Glass Bottle Company

2) Candidate for new director (also acting as an audit and supervisory committee member)

Name	New position	Current position
Toyohiko Torii	Director & Chairman of the Audit and Supervisory Committee	Executive Officer General Manager of Audit and Supervisory Committee Office

3) Retiring director

Name	Current position
Yoshinori Tanigami	Director & Chairman of the Audit and Supervisory Committee

4) Candidate for new executive officer

Name	New position	Current position
Yoshihiko Mizuta	Executive Officer General Manager of Audit and Supervisory Committee Office	Senior Advisor Audit and Supervisory Committee Office