

Financial Highlights 2017

Year ended March 31 2017

Consolidated financial statements, etc.

Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	14,061	14,374
Notes and accounts receivable - trade	19,739	19,959
Merchandise and finished goods	6,637	6,680
Work in process	281	380
Raw materials and supplies	2,772	2,873
Prepaid expenses	122	138
Deferred tax assets	422	376
Other	1,490	1,171
Allowance for doubtful accounts	(70)	(85)
Total current assets	45,457	45,869
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,940	31,315
Accumulated depreciation	(22,451)	(23,013)
Buildings and structures, net	8,489	8,301
Machinery, equipment and vehicles	71,742	74,943
Accumulated depreciation	(62,201)	(63,112)
Machinery, equipment and vehicles, net	9,540	11,830
Tools, furniture and fixtures	8,557	8,408
Accumulated depreciation	(7,874)	(7,643)
Tools, furniture and fixtures, net	682	764
Land	10,333	10,333
Construction in progress	1,299	420
Total property, plant and equipment	30,345	31,651
Intangible assets		
Goodwill	1,864	1,569
Other	1,786	1,693
Total intangible assets	3,651	3,263
Investments and other assets		
Investment securities	4,437	4,805
Shares of subsidiaries and associates	21,795	20,493
Investments in capital of subsidiaries and associates	20	20
Long-term loans receivable	5	5
Long-term prepaid expenses	120	100
Net defined benefit asset	1,117	1,013
Deferred tax assets	35	47
Other	345	368
Allowance for doubtful accounts	(19)	(26)
Total investments and other assets	27,858	26,828
Total non-current assets	61,855	61,743
Total assets	107,312	107,613

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,159	7,962
Short-term loans payable	10,111	10,335
Current portion of bonds	100	100
Accounts payable - other	3,458	3,174
Income taxes payable	449	762
Accrued consumption taxes	122	543
Accrued expenses	906	848
Provision for bonuses	587	617
Provision for directors' bonuses	15	15
Other	1,135	1,344
Total current liabilities	26,046	25,705
Non-current liabilities		
Bonds payable	1,800	1,700
Long-term loans payable	12,222	15,032
Lease obligations	1,614	1,222
Provision for environmental measures	34	38
Net defined benefit liability	3,231	3,138
Deferred tax liabilities	1,649	1,670
Other	767	701
Total non-current liabilities	21,319	23,504
Total liabilities	47,366	49,209
Net assets		
Shareholders' equity		
Capital stock	14,074	14,074
Capital surplus	17,300	16,697
Retained earnings	27,637	28,528
Treasury shares	(1,230)	(1,232)
Total shareholders' equity	57,782	58,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,401	1,794
Deferred gains or losses on hedges	(263)	(75)
Foreign currency translation adjustment	1,498	(709)
Remeasurements of defined benefit plans	(933)	(732)
Total accumulated other comprehensive income	1,701	276
Non-controlling interests	462	58
Total net assets	59,946	58,403
Total liabilities and net assets	107,312	107,613

ii) Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	70,456	68,772
Cost of sales	57,187	55,088
Gross profit	13,268	13,683
Selling, general and administrative expenses		
Haulage expenses	4,649	4,370
Traveling and transportation expenses	303	320
Provision of allowance for doubtful accounts	54	44
Employees' salaries	1,663	1,716
Provision for bonuses	174	184
Provision for directors' bonuses	15	15
Retirement benefit expenses	92	98
Welfare expenses	604	622
Rent expenses	141	214
Warehousing expenses	1,186	1,051
Taxes and dues	219	326
Supplies expenses	590	924
Depreciation	288	258
Other	2,038	2,099
Total selling, general and administrative expenses	12,022	12,249
Operating profit	1,246	1,433
Non-operating income		
Interest income	11	5
Dividend income	75	92
Rent income on facilities	50	49
Share of profit of entities accounted for using equity method	1,144	1,137
Compensation income	117	68
Other	570	357
Total non-operating income	1,969	1,711
Non-operating expenses		
Interest expenses	527	442
Depreciation	133	106
Taxes and dues	119	361
Other	320	354
Total non-operating expenses	1,101	1,264
Ordinary profit	2,113	1,880
Extraordinary income		
Gain on sales of non-current assets	–	6
Gain on sales of investment securities	–	427
Reversal of provision for environmental measures	28	–
Total extraordinary income	28	434
Extraordinary losses		
Loss on sales of non-current assets	24	30
Loss on abandonment of non-current assets	201	80
Compensation payment	–	165
Total extraordinary losses	225	276
Profit before income taxes	1,917	2,038
Income taxes - current	553	898
Income taxes - deferred	264	(223)
Total income taxes	818	675
Profit	1,098	1,362
Loss attributable to non-controlling interests	(40)	(54)
Profit attributable to owners of parent	1,139	1,416

iii) Consolidated statements of changes in net assets
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
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
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)	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
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
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	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

Fiscal year ended March 31, 2017

(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	27,637	(1,230)	57,782
Changes of items during period					
Dividends of surplus			(524)		(524)
Profit attributable to owners of parent			1,416		1,416
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Change of scope of consolidation			(0)		(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(603)			(603)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(603)	891	(2)	285
Balance at end of current period	14,074	16,697	28,528	(1,232)	58,068

	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	1,401	(263)	1,498	(933)	1,701	462	59,946
Changes of items during period							
Dividends of surplus							(524)
Profit attributable to owners of parent							1,416
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Change of scope of consolidation							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							(603)
Net changes of items other than shareholders' equity	393	188	(2,207)	200	(1,424)	(404)	(1,828)
Total changes of items during period	393	188	(2,207)	200	(1,424)	(404)	(1,542)
Balance at end of current period	1,794	(75)	(709)	(732)	276	58	58,403

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,917	2,038
Depreciation	3,579	3,975
Share of (profit) loss of entities accounted for using equity method	(1,144)	(1,137)
Increase (decrease) in allowance for doubtful accounts	42	25
Increase (decrease) in net defined benefit liability	197	(92)
Increase (decrease) in provision for bonuses	171	30
Increase (decrease) in provision for directors' bonuses	(0)	0
Increase (decrease) in provision for business structure improvement	(50)	-
Increase (decrease) in provision for environmental measures	(119)	4
Loss on abandonment of property, plant and equipment	207	93
Loss (gain) on sales of property, plant and equipment	24	23
Loss (gain) on sales of investment securities	-	(427)
Amortization of goodwill	155	133
Interest and dividend income	(86)	(97)
Interest expenses	527	442
Decrease (increase) in notes and accounts receivable - trade	199	(338)
Decrease (increase) in inventories	300	(356)
Increase (decrease) in notes and accounts payable - trade	1,110	(1,034)
Other, net	(359)	716
Subtotal	6,672	3,997
Interest and dividend income received	411	601
Interest expenses paid	(541)	(460)
Income taxes paid	(348)	(660)
Income taxes refund	15	3
Net cash provided by (used in) operating activities	6,209	3,480
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,844)	(447)
Purchase of property, plant and equipment	(3,982)	(5,626)
Proceeds from sales of property, plant and equipment	229	20
Purchase of intangible assets	(26)	(190)
Purchase of investment securities	(7)	(3)
Proceeds from sales of investment securities	8	659
Payments of loans receivable	(5)	(2)
Collection of loans receivable	2	2
Other payments	(109)	(30)
Other proceeds	98	19
Net cash provided by (used in) investing activities	(5,636)	(5,598)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	278	(2,070)
Proceeds from long-term loans payable	600	7,407
Repayments of long-term loans payable	(3,470)	(2,165)
Proceeds from issuance of bonds	1,500	–
Redemption of bonds	(1,100)	(100)
Decrease (increase) in treasury shares	(2)	(2)
Repayments of lease obligations	(420)	(653)
Proceeds from sales and leasebacks	–	1,124
Cash dividends paid	(525)	(524)
Dividends paid to non-controlling interests	(3)	(3)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(865)
Other payments	(63)	(28)
Net cash provided by (used in) financing activities	(3,207)	2,117
Effect of exchange rate change on cash and cash equivalents	7	(153)
Net increase (decrease) in cash and cash equivalents	(2,625)	(154)
Cash and cash equivalents at beginning of period	14,843	12,217
Increase in cash and cash equivalents from newly consolidated subsidiary	–	20
Cash and cash equivalents at end of period	12,217	12,083

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, 2016

(Millions of yen)

	Reportable segments					Adjustments (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	49,793	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

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments					Adjustments (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	48,648	5,856	9,625	4,642	68,772	–	68,772
Intersegment sales and transfers	2	441	10,629	7	11,079	(11,079)	–
Total	48,650	6,297	20,254	4,650	79,852	(11,079)	68,772
Segment profit	267	495	69	267	1,100	332	1,433
Segment assets	57,459	9,674	6,106	6,313	79,555	28,058	107,613
Other items							
Depreciation	2,968	334	151	269	3,722	253	3,975
Amortization of goodwill	133	–	–	–	133	–	133
Increase in property, plant and equipment and intangible assets	4,695	383	106	195	5,380	172	5,552

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

(Millions of yen)

Net sales	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Elimination of intersegment transactions, etc.	(10,829)	(11,079)
Total	(10,829)	(11,079)

(Millions of yen)

Segment profit	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Elimination of intersegment transactions, etc.	113	126
Other adjustments*	(90)	206
Total	23	332

* 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, 2016	Fiscal year ended March 31, 2017
Elimination of intersegment transactions, etc.	(13,791)	(17,948)
Corporate assets*	43,590	46,006
Total	29,799	28,058

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

(Millions of yen)

Depreciation	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Corporate assets*	283	253
Total	283	253

* 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, 2016	Fiscal year ended March 31, 2017
Elimination of intersegment transactions, etc.	(27)	–
Corporate assets*	26	172
Total	(0)	172

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

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