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Consolidated Financial Results for the Six Months Ended September 30, 2018 [Japanese GAAP]

November 06, 2018

Company name: Japan Pulp & Paper Co., Ltd.
Stock exchange listing: Tokyo
Code number: 8032
URL: <https://www.kamipa.co.jp/>
Representative: Akihiko Watanabe President
Contact: Yasushi Takei Senior Vice President, Finance & Administration Division
Phone: 03(3534)8522
Scheduled date of filing quarterly securities report: November 14, 2018
Scheduled date of commencing dividend payments: December 03, 2018
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 01, 2018 to September 30, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2018	259,927	6.0	5,160	26.6	5,336	30.0	2,962	(8.3)
September 30, 2017	245,204	5.0	4,076	11.2	4,104	5.9	3,231	39.5

(Note) Comprehensive income: Six months ended September 30, 2018: ¥ 3,975 million [(35.5)%]
Six months ended September 30, 2017: ¥ 6,160 million [993.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	210.16	208.95
September 30, 2017	220.74	219.45

* The Company conducted a consolidation of shares in which 10 common shares were consolidated into one share with an effective date of October 1, 2017. Basic earnings per share and diluted earnings per share have been calculated under the assumption that the aforementioned consolidation of shares was conducted at the beginning of the consolidated fiscal year ended March 31, 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2018	342,369	97,952	26.3
March 31, 2018	337,323	94,735	25.8

(Reference) Equity: As of September 30, 2018: ¥ 89,898 million
As of March 31, 2018: ¥ 86,967 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	5.00	—	50.00	—
Fiscal year ending March 31, 2019	-	55.00			
Fiscal year ending March 31, 2019 (Forecast)			—	55.00	110.00

(Note) Revision to the forecast for dividends announced most recently: No

* As the Company conducted a consolidation of shares in which 10 common shares were consolidated into one share with an effective date of October 1, 2017, the amount shown as the year-end dividend per share for the fiscal year ended March 31, 2018 factors in the effect of the said consolidation of shares, and the total annual dividend is shown as “—”. Factoring in the consolidation of shares, the annual dividend per share for the fiscal year ended March 31, 2018 would be 100.00 yen.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019(April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	560,000	7.4	12,000	18.5	11,500	15.0	5,700	(8.1)	404.45

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2018

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2018: 15,021,551 shares

March 31, 2018: 15,021,551 shares

2) Total number of treasury shares at the end of the period:

September 30, 2018: 928,122 shares

March 31, 2018: 928,241 shares

3) Average number of shares during the period:

Six months ended September 30, 2018: 14,093,678 shares

Six months ended September 30, 2017: 14,635,748 shares

* The Company conducted a consolidation of shares in which 10 common shares were consolidated into one share with an effective date of October 1, 2017. Average number of shares during the period have been calculated under the assumption that the aforementioned consolidation of shares was conducted at the beginning of the consolidated fiscal year ended March 31, 2018.

*This report is not subject to quarterly reviews by certified public accountants or auditing firms.

* Explanation of the proper use of financial results forecast and other notes.

(Note Concerning Forward-Looking Statements)

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may significantly differ from these forecasts due to various factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2018	As of September 30,2018
Assets		
Current assets		
Cash and deposits	6,837	7,463
Notes and accounts receivable - trade	139,731	136,409
Inventories	36,250	35,386
Other	4,055	4,600
Allowance for doubtful accounts	(1,413)	(1,053)
Total current assets	185,461	182,805
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,282	46,631
Land	32,080	31,883
Other, net	34,945	28,980
Total property, plant and equipment	101,307	107,494
Intangible assets		
Goodwill	3,798	3,585
Other	1,987	1,984
Total intangible assets	5,785	5,570
Investments and other assets		
Investment securities	38,185	40,089
Other	9,692	9,272
Allowance for doubtful accounts	(3,164)	(2,909)
Total investments and other assets	44,714	46,453
Total non-current assets	151,806	159,516
Deferred assets	56	48
Total assets	337,323	342,369

(Million yen)

	As of March 31,2018	As of September 30,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	100,012	96,702
Short-term loans payable	43,697	44,899
Current portion of long-term loans payable	11,142	12,169
Commercial papers	22,000	14,000
Income taxes payable	1,514	1,706
Provision	1,936	1,849
Other	10,484	9,890
Total current liabilities	190,784	181,217
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	21,341	30,793
Provision	848	903
Net defined benefit liability	4,725	4,789
Other	4,888	6,716
Total non-current liabilities	51,803	63,200
Total liabilities	242,587	244,417
Net assets		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	15,200	15,258
Retained earnings	48,503	50,752
Treasury shares	(3,623)	(3,623)
Total shareholders' equity	76,729	79,036
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,964	11,302
Deferred gains or losses on hedges	(3)	0
Foreign currency translation adjustment	1,195	353
Remeasurements of defined benefit plans	(918)	(794)
Total accumulated other comprehensive income	10,238	10,862
Share acquisition rights	217	217
Non-controlling interests	7,551	7,837
Total net assets	94,735	97,952
Total liabilities and net assets	337,323	342,369

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Net sales	245,204	259,927
Cost of sales	218,611	229,062
Gross profit	26,593	30,865
Selling, general and administrative expenses	22,517	25,705
Operating profit	4,076	5,160
Non-operating income		
Interest income	35	31
Dividend income	397	364
Share of profit of entities accounted for using equity method	150	240
Other	223	505
Total non-operating income	805	1,141
Non-operating expenses		
Interest expenses	676	892
Other	100	73
Total non-operating expenses	776	964
Ordinary profit	4,104	5,336
Extraordinary income		
Gain on sales of investment securities	76	234
Gain on sales of non-current assets	830	118
Gain on donation of non-current assets	-	38
Gain on bargain purchase	492	-
Total extraordinary income	1,398	390
Extraordinary losses		
Loss on withdrawal from pension fund	-	405
Loss on disposal of non-current assets	177	21
Loss on liquidation of subsidiaries and associates	438	-
Loss on sales of investment securities	3	-
Other	-	2
Total extraordinary losses	618	428
Profit before income taxes	4,885	5,298
Income taxes - current	1,488	1,755
Income taxes - deferred	(73)	(58)
Total income taxes	1,416	1,697
Profit	3,469	3,601
Profit attributable to non-controlling interests	238	639
Profit attributable to owners of parent	3,231	2,962

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Profit	3,469	3,601
Other comprehensive income		
Valuation difference on available-for-sale securities	2,200	1,364
Deferred gains or losses on hedges	(2)	3
Foreign currency translation adjustment	(48)	(1,099)
Remeasurements of defined benefit plans, net of tax	62	124
Share of other comprehensive income of entities accounted for using equity method	479	(18)
Total other comprehensive income	2,691	374
Comprehensive income	6,160	3,975
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,079	3,586
Comprehensive income attributable to non-controlling interests	81	389

Information related to net sales, profit (loss) by reportable segment.

1. Six-months period ended September 30, 2017 (consolidated)

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	144,074	67,215	11,199	21,306	1,410	245,204	—	245,204
Intersegment sales/transfers	4,436	167	12,171	4,170	55	21,000	(21,000)	—
Total	148,510	67,382	23,370	25,476	1,466	266,204	(21,000)	245,204
Segment income (loss)	2,545	288	804	1,501	317	5,455	(1,351)	4,104

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.
2. Adjustments in segment income (loss) include corporate expenses that are not allocated to each relevant business segment.

2. Six-months period ended September 30, 2018 (consolidated)

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	141,951	86,770	11,892	17,768	1,546	259,927	—	259,927
Intersegment sales/transfers	4,022	132	12,546	3,592	63	20,355	(20,355)	—
Total	145,974	86,902	24,438	21,360	1,609	280,282	(20,355)	259,927
Segment income (loss)	2,333	1,519	2,093	387	133	6,464	(1,128)	5,336

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.
2. Adjustments in segment income (loss) include corporate expenses that are not allocated to each relevant business segment.

(Additional information)

"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No.28, February 16, 2018) and other standards have been adopted from the beginning of the current first quarter, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under Non-current liabilities.