

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Three Months Ended June 30, 2019 [Japanese GAAP]

August 06, 2019

Company name: Japan Pulp & Paper Co., Ltd.

Stock exchange listing: Tokyo

Code number: 8032

URL: <https://www.kamipa.co.jp/eng/>

Representative: Akihiko Watanabe President

Contact: Kenichiro Fujii Executive Officer, Finance & Administration Division

Phone: 03(3534)8522

Scheduled date of filing quarterly securities report: August 09, 2019

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 01, 2019 to June 30, 2019)

(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	%
Three months ended June 30, 2019	133,918	4.7	2,712	13.3	2,594	(3.7)	2,065	35.3
June 30, 2018	127,903	4.6	2,393	4.9	2,693	7.9	1,526	(40.5)

(Note) Comprehensive income: Three months ended June 30, 2019: ¥ 1,129 million [82.3%]
Three months ended June 30, 2018: ¥ 620 million [(85.7)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2019	146.37	145.65
June 30, 2018	108.30	107.68

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2019	351,575	87,286	23.3
March 31, 2019	349,656	94,745	24.8

(Reference) Equity: As of June 30, 2019: ¥ 81,892 million
As of March 31, 2019: ¥ 86,575 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, 2019	-	55.00	-	55.00	110.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		55.00	-	55.00	110.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

(% 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	4.6	13,300	23.1	13,000	20.9	7,500	93.7	532.18

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2019

(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: Yes

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):

June 30, 2019: 15,021,551 shares

March 31, 2019: 15,021,551 shares

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

June 30, 2019: 901,160 shares

March 31, 2019: 928,575 shares

3) Average number of shares during the period:

Three months ended June 30, 2019: 14,107,129 shares

Three months ended June 30, 2018: 14,093,807 shares

*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 31,2019	As of June 30,2019
Assets		
Current assets		
Cash and deposits	7,855	8,310
Notes and accounts receivable - trade	141,424	140,126
Inventories	38,049	36,819
Other	5,168	4,531
Allowance for doubtful accounts	(943)	(980)
Total current assets	191,553	188,807
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,757	49,927
Land	32,480	33,523
Other, net	27,333	32,779
Total property, plant and equipment	109,570	116,229
Intangible assets		
Goodwill	3,647	3,701
Other	2,212	2,409
Total intangible assets	5,859	6,110
Investments and other assets		
Investment securities	35,633	33,203
Other	9,229	9,455
Allowance for doubtful accounts	(2,229)	(2,265)
Total investments and other assets	42,633	40,392
Total non-current assets	158,062	162,731
Deferred assets	41	37
Total assets	349,656	351,575

(Million yen)

	As of March 31,2019	As of June 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	100,770	98,687
Short-term borrowings	45,249	46,411
Current portion of long-term borrowings	5,355	5,411
Commercial papers	14,500	25,000
Current portion of bonds	10,000	10,023
Income taxes payable	2,455	1,197
Provisions	4,476	3,184
Other	14,540	11,846
Total current liabilities	197,344	201,759
Non-current liabilities		
Bonds payable	10,000	10,056
Long-term borrowings	35,837	35,417
Provisions	984	1,011
Retirement benefit liability	5,123	5,229
Other	5,623	10,817
Total non-current liabilities	57,566	62,530
Total liabilities	254,911	264,289
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	15,258	10,482
Retained earnings	50,878	52,056
Treasury shares	(3,625)	(3,517)
Total shareholders' equity	79,160	75,669
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,206	6,592
Deferred gains or losses on hedges	3	(1)
Foreign currency translation adjustment	78	425
Remeasurements of defined benefit plans	(871)	(793)
Total accumulated other comprehensive income	7,416	6,222
Share acquisition rights	217	152
Non-controlling interests	7,952	5,242
Total net assets	94,745	87,286
Total liabilities and net assets	349,656	351,575

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2018	For the three months ended June 30,2019
Net sales	127,903	133,918
Cost of sales	112,658	117,384
Gross profit	15,245	16,534
Selling, general and administrative expenses	12,852	13,822
Operating profit	2,393	2,712
Non-operating income		
Interest income	15	18
Dividend income	306	340
Share of profit of entities accounted for using equity method	132	84
Foreign exchange gains	159	-
Other	160	118
Total non-operating income	773	559
Non-operating expenses		
Interest expenses	437	561
Other	36	116
Total non-operating expenses	472	677
Ordinary profit	2,693	2,594
Extraordinary income		
Gain on bargain purchase	-	442
Gain on sales of non-current assets	109	237
Gain on step acquisitions	-	83
Gain on sales of investment securities	-	7
Gain on donation of non-current assets	38	-
Other	-	18
Total extraordinary income	148	787
Extraordinary losses		
Loss on disposal of non-current assets	16	34
Loss on valuation of investment securities	-	6
Other	2	3
Total extraordinary losses	17	44
Profit before income taxes	2,824	3,337
Income taxes - current	732	823
Income taxes - deferred	171	263
Total income taxes	902	1,086
Profit	1,921	2,251
Profit attributable to non-controlling interests	395	186
Profit attributable to owners of parent	1,526	2,065

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

(Million yen)

	For the three months ended June 30,2018	For the three months ended June 30,2019
Profit	1,921	2,251
Other comprehensive income		
Valuation difference on available-for-sale securities	(245)	(1,582)
Deferred gains or losses on hedges	2	(4)
Foreign currency translation adjustment	(1,119)	436
Remeasurements of defined benefit plans, net of tax	63	77
Share of other comprehensive income of entities accounted for using equity method	(3)	(50)
Total other comprehensive income	(1,302)	(1,122)
Comprehensive income	620	1,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	472	871
Comprehensive income attributable to non-controlling interests	148	258

Notes to consolidated financial statements

(Change in accounting policies)

Some of our overseas subsidiaries have applied IFRS 16 *Leases* since the first quarter of the fiscal year ending March 31, 2020. The standard requires a lessee to recognize in principle all leases as assets and liabilities on the balance sheet.

In accordance with transitional treatment, the Company has recognized the impact of this accounting standard cumulatively as of the date of adoption for balances at the beginning of the first quarter of the current consolidated fiscal year.

Consequently, as at the beginning of the current first quarter of consolidated fiscal year, “Property, plant and equipment” increased ¥6,009 million, “Investments and other assets” increased ¥79 million, “Current liabilities” increased ¥636 million, and “Non-current liabilities” increased ¥5,642 million, while “Retained earnings” decreased ¥97 million, and “Non-controlling interests” decreased ¥93 million.

The effect of this change on the Quarterly consolidated statements of income is not significant.

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

I. Three-months period ended June 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	71,433	40,959	6,018	8,780	713	127,903	—	127,903
Intersegment sales/transfers	2,017	64	6,275	1,774	31	10,162	(10,162)	—
Total	73,450	41,024	12,293	10,555	744	138,065	(10,162)	127,903
Segment income (loss)	1,157	769	1,107	256	132	3,422	(728)	2,693

(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.

II. Three-months period ended June 30, 2019 (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	72,576	45,532	6,392	8,111	1,307	133,918	—	133,918
Intersegment sales/transfers	2,402	148	6,661	1,907	31	11,149	(11,149)	—
Total	74,978	45,680	13,052	10,018	1,339	145,067	(11,149)	133,918
Segment income (loss)	1,246	(70)	1,443	55	416	3,090	(496)	2,594

(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.