



Consolidated Financial Results for the Nine Months Ended December 31, 2018 [Japanese GAAP]

February 05, 2019

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

Stock exchange listing: Tokyo

Code number: 8032

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

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Scheduled date of filing quarterly securities report: February 14, 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 Nine Months Ended December 31, 2018 (April 01, 2018 to December 31, 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	%
Nine months ended December 31, 2018	405,536	4.5	8,882	25.8	9,013	26.9	5,318	14.2
December 31, 2017	388,216	9.7	7,059	16.0	7,105	9.1	4,655	(2.2)

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥ 2,351 million [(77.2) %]
 Nine months ended December 31, 2017: ¥ 10,329 million [116.9 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	377.32	375.16
December 31, 2017	319.36	317.57

* 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
	Million yen	Million yen	%
As of December 31, 2018	346,344	95,378	25.1
March 31, 2018	337,323	94,735	25.8

(Reference) Equity: As of December 31, 2018: ¥ 86,907 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 nine months ended December 31, 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):

December 31, 2018: 15,021,551 shares

March 31, 2018: 15,021,551 shares

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

December 31, 2018: 928,257 shares

March 31, 2018: 928,241 shares

3) Average number of shares during the period:

Nine months ended December 31, 2018: 14,093,564 shares

Nine months ended December 31, 2017: 14,576,484 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 December 31,2018
Assets		
Current assets		
Cash and deposits	6,837	7,644
Notes and accounts receivable - trade	139,731	146,591
Inventories	36,250	35,665
Other	4,055	4,228
Allowance for doubtful accounts	(1,413)	(1,099)
Total current assets	185,461	193,029
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,282	47,042
Land	32,080	31,704
Other, net	34,945	28,888
Total property, plant and equipment	101,307	107,634
Intangible assets		
Goodwill	3,798	3,706
Other	1,987	1,972
Total intangible assets	5,785	5,678
Investments and other assets		
Investment securities	38,185	33,093
Other	9,692	9,782
Allowance for doubtful accounts	(3,164)	(2,917)
Total investments and other assets	44,714	39,959
Total non-current assets	151,806	153,270
Deferred assets	56	44
Total assets	337,323	346,344

	As of March 31,2018	As of December 31,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	100,012	104,061
Short-term loans payable	43,697	44,444
Current portion of long-term loans payable	11,142	5,161
Commercial papers	22,000	15,000
Income taxes payable	1,514	1,660
Provision	1,936	958
Other	10,484	12,100
Total current liabilities	190,784	183,383
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	21,341	36,558
Provision	848	944
Net defined benefit liability	4,725	4,778
Other	4,888	5,303
Total non-current liabilities	51,803	67,583
Total liabilities	242,587	250,966
Net assets		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	15,200	15,258
Retained earnings	48,503	52,324
Treasury shares	(3,623)	(3,624)
Total shareholders' equity	76,729	80,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,964	6,418
Deferred gains or losses on hedges	(3)	3
Foreign currency translation adjustment	1,195	611
Remeasurements of defined benefit plans	(918)	(732)
Total accumulated other comprehensive income	10,238	6,300
Share acquisition rights	217	217
Non-controlling interests	7,551	8,253
Total net assets	94,735	95,378
Total liabilities and net assets	337,323	346,344

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

(Million yen)

	For the nine months ended December 31,2017	For the nine months ended December 31,2018
Net sales	388,216	405,536
Cost of sales	344,854	357,112
Gross profit	43,362	48,424
Selling, general and administrative expenses	36,302	39,543
Operating profit	7,059	8,882
Non-operating income		
Interest income	49	46
Dividend income	607	559
Share of profit of entities accounted for using equity method	281	341
Other	382	694
Total non-operating income	1,319	1,641
Non-operating expenses		
Interest expenses	1,139	1,391
Other	134	119
Total non-operating expenses	1,274	1,510
Ordinary profit	7,105	9,013
Extraordinary income		
Gain on bargain purchase	492	651
Gain on sales of investment securities	76	278
Gain on sales of non-current assets	833	170
Gain on liquidation of investment securities	-	51
Gain on donation of non-current assets	-	38
Total extraordinary income	1,401	1,188
Extraordinary losses		
Loss on withdrawal from pension fund	-	416
Loss on valuation of investment securities	-	241
Loss on sales of investment securities	4	25
Loss on disposal of non-current assets	202	24
Loss on liquidation of subsidiaries and associates	433	-
Other	4	2
Total extraordinary losses	643	708
Profit before income taxes	7,862	9,493
Income taxes - current	2,255	2,852
Income taxes - deferred	179	125
Total income taxes	2,434	2,977
Profit	5,428	6,516
Profit attributable to non-controlling interests	773	1,198
Profit attributable to owners of parent	4,655	5,318

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

(Million yen)

	For the nine months ended December 31,2017	For the nine months ended December 31,2018
Profit	5,428	6,516
Other comprehensive income		
Valuation difference on available-for-sale securities	3,923	(3,136)
Deferred gains or losses on hedges	2	6
Foreign currency translation adjustment	295	(779)
Remeasurements of defined benefit plans, net of tax	93	186
Share of other comprehensive income of entities accounted for using equity method	589	(442)
Total other comprehensive income	4,901	(4,165)
Comprehensive income	10,329	2,351
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,640	1,379
Comprehensive income attributable to non-controlling interests	689	971

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

1. Nine-months period ended December 31, 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	220,300	116,820	17,633	31,345	2,118	388,216	—	388,216
Intersegment sales/transfers	6,710	200	18,975	6,208	86	32,179	(32,179)	—
Total	227,009	117,020	36,607	37,553	2,204	420,395	(32,179)	388,216
Segment income (loss)	3,949	883	2,111	1,780	463	9,187	(2,082)	7,105

(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. Nine-months period ended December 31, 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	219,231	136,725	18,655	28,419	2,506	405,536	—	405,536
Intersegment sales/transfers	6,298	175	19,492	6,093	94	32,152	(32,152)	—
Total	225,530	136,900	38,147	34,513	2,600	437,689	(32,152)	405,536
Segment income (loss)	3,696	2,177	3,314	1,261	267	10,715	(1,702)	9,013

(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.