

Summary of Consolidated Financial Results for the Fiscal year Ended March 31, 2017 (unaudited)

Company name: Mitsubishi Paper Mills Limited
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3864
 URL: <http://www.mpm.co.jp/>
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(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2017	201,955	(6.6)	4,313	11.4	2,703	22.0	1,152	(48.0)
March 31, 2016	216,340	0.6	3,872	272.8	2,216	-	2,217	-

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥ 5,597 million [-%]

Fiscal year ended March 31, 2016: ¥ (3,310) million [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2017	33.72	-
March 31, 2016	64.85	-

* The Company conducted a reverse stock split to consolidate every ten shares of common stock into one share on October 1, 2016. Earnings per share has been calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2017	235,869	56,631	23.1
As of March 31, 2016	241,155	51,492	20.4

(Reference) Equity: As of March 31, 2017: ¥54,383 million

As of March 31, 2016: ¥49,241 million

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2017	19,839	(7,070)	(13,112)	10,840
March 31, 2016	12,626	(2,145)	(5,737)	11,381

2. Dividends

	Annual dividends				Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end			
	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2016	-	0.00	-	0.00	-	-	-
Fiscal year ended March 31, 2017	-	0.00	-	0.00	-	-	-
Fiscal year ending March 31, 2018 (Forecast)	-	0.00	-	-		-	

(Note) Year-end dividend for Fiscal year ending March 31, 2018 has yet to be determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	205,000	1.5	4,000	(7.3)	2,500	(7.5)	1,500	30.1	43.88

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: - (Company name); Excluded: - (Company name)

(2) 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: None

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

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

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

March 31, 2017: 34,258,433 shares

March 31, 2016: 34,258,433 shares

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

March 31, 2017: 76,185 shares

March 31, 2016: 73,388 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2017: 34,183,946 shares

Fiscal year ended March 31, 2016: 34,186,107 shares

* The Company conducted a reverse stock split to consolidate every ten shares of common stock into one share on October 1, 2016. Number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

* Financial results reports are not required to be audited.

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

The earnings forecasts and other forward-looking statements herein are based on information currently acquired by the Company and certain assumptions assessed to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	11,381	10,840
Notes and accounts receivable - trade	48,338	46,291
Merchandise and finished goods	27,458	24,756
Work in process	7,646	6,541
Raw materials and supplies	10,399	10,108
Deferred tax assets	945	1,027
Other	3,925	4,447
Allowance for doubtful accounts	(188)	(216)
Total current assets	109,907	103,797
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,350	27,089
Machinery, equipment and vehicles, net	55,571	51,642
Land	22,518	22,068
Leased assets, net	1,428	1,194
Construction in progress	535	676
Other, net	1,471	1,391
Total property, plant and equipment	109,875	104,064
Intangible assets		
Other	225	291
Total intangible assets	225	291
Investments and other assets		
Investment securities	18,554	23,001
Long-term loans receivable	82	599
Net defined benefit asset	8	2,005
Deferred tax assets	198	184
Other	2,642	2,024
Allowance for doubtful accounts	(338)	(99)
Total investments and other assets	21,147	27,716
Total non-current assets	131,248	132,071
Total assets	241,155	235,869

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,245	24,556
Short-term loans payable	81,176	68,264
Lease obligations	363	346
Accrued expenses	7,081	7,135
Income taxes payable	345	399
Other	6,465	6,673
Total current liabilities	118,677	107,376
Non-current liabilities		
Long-term loans payable	57,443	57,570
Lease obligations	1,240	907
Deferred tax liabilities	1,213	2,442
Provision for directors' retirement benefits	48	66
Reserve for loss on dissolution of employee's fund	121	143
Net defined benefit liability	9,165	8,949
Asset retirement obligations	884	888
Other	866	893
Total non-current liabilities	70,985	71,862
Total liabilities	189,663	179,238
Net assets		
Shareholders' equity		
Capital stock	32,756	32,756
Capital surplus	7,456	7,438
Retained earnings	7,447	8,599
Treasury shares	(145)	(147)
Total shareholders' equity	47,514	48,647
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,014	5,506
Foreign currency translation adjustment	1,577	1,245
Remeasurements of defined benefit plans	(2,864)	(1,015)
Total accumulated other comprehensive income	1,727	5,736
Non-controlling interests	2,250	2,247
Total net assets	51,492	56,631
Total liabilities and net assets	241,155	235,869

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	216,340	201,955
Cost of sales	181,117	166,817
Gross profit	35,223	35,137
Selling, general and administrative expenses	31,350	30,824
Operating income	3,872	4,313
Non-operating income		
Interest income	47	46
Dividend income	425	438
Royalty income	188	149
Insurance income	365	196
Compensation income	37	228
Other	283	310
Total non-operating income	1,347	1,371
Non-operating expenses		
Interest expenses	2,320	2,075
Foreign exchange losses	242	287
Other	441	618
Total non-operating expenses	3,004	2,981
Ordinary income	2,216	2,703
Extraordinary income		
Gain on disposal of non-current assets	1,459	17
Gain on sales of investment securities	38	233
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	277	—
Insurance income	—	58
Other	67	88
Total extraordinary income	1,843	397
Extraordinary losses		
Loss on disposal of non-current assets	441	530
Special retirement expenses	302	348
Business restructuring cost	227	276
Impairment loss	18	287
Other	50	71
Total extraordinary losses	1,040	1,514
Income before income taxes and non-controlling interests	3,018	1,585
Income taxes	995	256
Profit	2,023	1,329
Profit (loss) attributable to non-controlling interests	(193)	176
Profit attributable to owners of parent	2,217	1,152

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,023	1,329
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,918)	2,813
Foreign currency translation adjustment	(438)	(313)
Remeasurements of defined benefit plans, net of tax	(2,979)	1,821
Share of other comprehensive income of entities accounted for using equity method	3	(53)
Total other comprehensive income	(5,333)	4,268
Comprehensive income	(3,310)	5,597
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,946)	5,161
Comprehensive income attributable to non-controlling interests	(364)	435

(3) Consolidated Statements of Cash Flow

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes and non-controlling interests	3,018	1,585
Depreciation	10,662	10,454
Impairment loss	18	287
Increase (decrease) in net defined benefit liability	291	(120)
Decrease (increase) in net defined benefit asset	(669)	2
Increase (decrease) in provision for directors' retirement benefits	14	17
Interest and dividend income	(473)	(485)
Interest expense	2,320	2,075
Loss (gain) on sales of short-term and long-term investment securities	(38)	(207)
Loss (gain) on disposal of non-current assets	(1,017)	513
Business restructuring cost	227	276
Decrease (increase) in notes and accounts receivable - trade	(1,530)	2,182
Decrease (increase) in inventories	3,210	3,432
Increase (decrease) in notes and accounts payable - trade	(384)	1,547
Other, net	(117)	592
Subtotal	15,532	22,155
Payments for business restructuring cost	(227)	(144)
Interest and dividend income received	470	489
Interest expenses paid	(2,387)	(2,155)
Income taxes paid	(761)	(506)
Net cash provided by (used in) operating activities	12,626	19,839
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,196)	(6,120)
Proceeds from sales of property, plant and equipment and intangible assets	1,682	50
Purchase of investment securities	(28)	(142)
Proceeds from sales of investment securities	40	269
Purchase of shares of subsidiaries and associates	(4)	(355)
Proceeds from sales of shares of subsidiaries and associates	4	—
Payments of loans receivable	(2)	(570)
Collection of loans receivable	325	53
Other, net	34	(256)
Net cash provided by (used in) investing activities	(2,145)	(7,070)

	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	(2,343)	(2,112)
Proceeds from long-term loans payable	18,175	17,899
Repayments of long-term loans payable	(20,653)	(28,090)
Repayments of lease obligations	(383)	(348)
Purchase of treasury shares	(1)	(2)
Proceeds from sales of treasury shares	—	0
Dividends paid to non-controlling interests	(240)	(188)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(290)	(269)
Net cash provided by (used in) financing activities	(5,737)	(13,112)
Effect of exchange rate change on cash and cash equivalents	(109)	(196)
Net increase (decrease) in cash and cash equivalents	4,633	(540)
Cash and cash equivalents at beginning of period	6,505	11,381
Increase in cash and cash equivalents from newly consolidated subsidiaries	242	—
Cash and cash equivalents at end of period	11,381	10,840