

Summary of Consolidated Financial Results for the Six Months Ended September 30, 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 Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 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	%
Six months ended September 30, 2017	99,415	(1.0)	303	(84.7)	313	(37.4)	(418)	-
September 30, 2016	100,375	(6.2)	1,980	233.1	500	310.1	(294)	-

(Note) Comprehensive income: Six months ended September 30, 2017: ¥(20) million [-%]

Six months ended September 30, 2016: ¥(1,122) million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	(12.23)		-	
September 30, 2016	(8.61)		-	

* 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 are 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 September 30, 2017	237,641	56,579	22.9
As of March 31, 2017	235,869	56,631	23.1

(Reference) Equity: As of September 30, 2017: ¥54,395 million

As of March 31, 2017: ¥54,383 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, 2017	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2018	-	0.00			
Fiscal year ending March 31, 2018 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: None

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	203,000	0.5	3,000	(30.5)	2,500	(7.5)	1,500	30.1	43.88

(Note) Revision to the financial results forecast announced most recently: Yes

*** 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) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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, 2017: 34,258,433 shares

March 31, 2017: 34,258,433 shares

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

September 30, 2017: 77,326 shares

March 31, 2017: 76,185 shares

3) Average number of shares during the period:

Six months ended September 30, 2017: 34,181,641 shares

Six months ended September 30, 2016: 34,184,762 shares

* The Company conducted a reverse stock split to consolidate every ten shares of common stock into one share on October 1, 2016. Average number of shares for six months ended September 30, 2016 is calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

* This quarterly financial results report is exempt from quarterly review.

*** 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	10,840	11,005
Notes and accounts receivable - trade	46,291	45,883
Merchandise and finished goods	24,756	25,760
Work in process	6,541	6,793
Raw materials and supplies	10,108	10,383
Other	5,475	6,297
Allowance for doubtful accounts	(216)	(189)
Total current assets	103,797	105,935
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,089	26,232
Machinery, equipment and vehicles, net	51,642	49,788
Land	22,068	22,083
Construction in progress	676	1,104
Other, net	2,586	2,565
Total property, plant and equipment	104,064	101,774
Intangible assets		
Other	291	1,521
Total intangible assets	291	1,521
Investments and other assets		
Investment securities	23,001	23,655
Other	4,814	4,810
Allowance for doubtful accounts	(99)	(55)
Total investments and other assets	27,716	28,410
Total non-current assets	132,071	131,706
Total assets	235,869	237,641

(Million yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,556	28,438
Short-term loans payable	68,264	68,003
Income taxes payable	399	365
Other	14,155	15,202
Total current liabilities	107,376	112,009
Non-current liabilities		
Long-term loans payable	57,570	53,945
Reserve for loss on dissolution of employee's fund	143	143
Net defined benefit liability	8,949	9,205
Asset retirement obligations	888	888
Other	4,310	4,868
Total non-current liabilities	71,862	69,052
Total liabilities	179,238	181,061
Net assets		
Shareholders' equity		
Capital stock	32,756	32,756
Capital surplus	7,438	6,271
Retained earnings	8,599	9,349
Treasury shares	(147)	(148)
Total shareholders' equity	48,647	48,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	6,254
Foreign currency translation adjustment	1,245	1,215
Remeasurements of defined benefit plans	(1,015)	(1,302)
Total accumulated other comprehensive income	5,736	6,167
Non-controlling interests	2,247	2,184
Total net assets	56,631	56,579
Total liabilities and net assets	235,869	237,641

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Net sales	100,375	99,415
Cost of sales	82,896	83,971
Gross profit	17,478	15,444
Selling, general and administrative expenses	15,498	15,140
Operating income	1,980	303
Non-operating income		
Interest income	20	27
Dividend income	234	267
Foreign exchange gains	—	465
Other	514	374
Total non-operating income	769	1,134
Non-operating expenses		
Interest expenses	1,111	916
Foreign exchange loss	979	—
Other	157	208
Total non-operating expenses	2,249	1,124
Ordinary income	500	313
Extraordinary income		
Gain on disposal of non-current assets	10	166
Gain on sales of investment securities	233	170
Other	32	65
Total extraordinary income	276	402
Extraordinary losses		
Loss on disposal of non-current assets	445	293
Special retirement expenses	153	218
Business restructuring cost	135	—
Other	85	1
Total extraordinary losses	819	512
Income (loss) before income taxes	(43)	203
Income taxes	206	740
Loss	(249)	(536)
Profit (loss) attributable to non-controlling interests	44	(118)
Loss attributable to owners of parent	(294)	(418)

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Loss	(249)	(536)
Other comprehensive income		
Valuation difference on available-for-sale securities	219	829
Foreign currency translation adjustment	(768)	(5)
Remeasurements of defined benefit plans, net of tax	(153)	(275)
Share of other comprehensive income of entities accounted for using equity method	(171)	(31)
Total other comprehensive income	(873)	516
Comprehensive income	(1,122)	(20)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,119)	12
Comprehensive income attributable to non-controlling interests	(2)	(32)