

Summary of Consolidated Financial Results for the Nine Months Ended December 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 Nine Months Ended December 31, 2017 (April 1, 2017 to December 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	%
Nine months ended December 31, 2017	150,559	(0.2)	863	(73.0)	811	(63.9)	(287)	-
December 31, 2016	150,822	(6.7)	3,200	65.4	2,250	110.0	988	1.1

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥1,110 million [(46.4)%]

Nine months ended December 31, 2016: ¥2,069 million [491.7%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	(8.41)		-	
December 31, 2016	28.92		-	

* 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 December 31, 2017	237,961	57,710	23.3
As of March 31, 2017	235,869	56,631	23.1

(Reference) Equity: As of December 31, 2017: ¥55,481 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	201,000	(0.5)	1,500	(65.2)	1,000	(63.0)	1,500	30.1	43.88

(Note) Revision to the financial results forecast announced most recently: None

* 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):

December 31, 2017: 34,258,433 shares

March 31, 2017: 34,258,433 shares

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

December 31, 2017: 77,689 shares

March 31, 2017: 76,185 shares

3) Average number of shares during the period:

Nine months ended December 31, 2017: 34,181,414 shares

Nine months ended December 31, 2016: 34,184,398 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 nine months ended December 31, 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 December 31, 2017
Assets		
Current assets		
Cash and deposits	10,840	8,865
Notes and accounts receivable - trade	46,291	47,914
Merchandise and finished goods	24,756	26,457
Work in process	6,541	6,610
Raw materials and supplies	10,108	10,233
Other	5,475	6,110
Allowance for doubtful accounts	(216)	(193)
Total current assets	103,797	105,998
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,089	26,045
Machinery, equipment and vehicles, net	51,642	48,527
Land	22,068	22,141
Construction in progress	676	1,012
Other, net	2,586	2,568
Total property, plant and equipment	104,064	100,295
Intangible assets		
Other	291	1,720
Total intangible assets	291	1,720
Investments and other assets		
Investment securities	23,001	25,252
Other	4,814	4,765
Allowance for doubtful accounts	(99)	(70)
Total investments and other assets	27,716	29,947
Total non-current assets	132,071	131,962
Total assets	235,869	237,961

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,556	27,281
Short-term loans payable	68,264	68,544
Income taxes payable	399	245
Other	14,155	14,981
Total current liabilities	107,376	111,053
Non-current liabilities		
Long-term loans payable	57,570	53,312
Reserve for loss on dissolution of employee's fund	143	143
Net defined benefit liability	8,949	9,507
Asset retirement obligations	888	888
Other	4,310	5,344
Total non-current liabilities	71,862	69,197
Total liabilities	179,238	180,251
Net assets		
Shareholders' equity		
Capital stock	32,756	32,756
Capital surplus	7,438	6,271
Retained earnings	8,599	9,479
Treasury shares	(147)	(148)
Total shareholders' equity	48,647	48,358
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	7,218
Foreign currency translation adjustment	1,245	1,368
Remeasurements of defined benefit plans	(1,015)	(1,464)
Total accumulated other comprehensive income	5,736	7,123
Non-controlling interests	2,247	2,228
Total net assets	56,631	57,710
Total liabilities and net assets	235,869	237,961

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	150,822	150,559
Cost of sales	124,471	126,704
Gross profit	26,350	23,855
Selling, general and administrative expenses	23,149	22,991
Operating income	3,200	863
Non-operating income		
Interest income	32	41
Dividend income	410	467
Foreign exchange gains	—	522
Other	630	527
Total non-operating income	1,073	1,559
Non-operating expenses		
Interest expenses	1,625	1,352
Foreign exchange losses	53	—
Other	344	259
Total non-operating expenses	2,023	1,611
Ordinary income	2,250	811
Extraordinary income		
Gain on disposal of non-current assets	14	168
Gain on sales of investment securities	233	170
Other	63	65
Total extraordinary income	311	404
Extraordinary losses		
Loss on disposal of non-current assets	502	360
Special retirement expenses	238	218
Business restructuring cost	135	—
Other	87	3
Total extraordinary losses	963	582
Income before income taxes	1,598	633
Income taxes	571	1,128
Profit (loss)	1,026	(495)
Profit (loss) attributable to non-controlling interests	37	(207)
Profit (loss) attributable to owners of parent	988	(287)

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit (loss)	1,026	(495)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,477	1,910
Foreign currency translation adjustment	(942)	156
Remeasurements of defined benefit plans, net of tax	(303)	(434)
Share of other comprehensive income of entities accounted for using equity method	(187)	(26)
Total other comprehensive income	1,042	1,605
Comprehensive income	2,069	1,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,787	1,098
Comprehensive income attributable to non-controlling interests	281	11