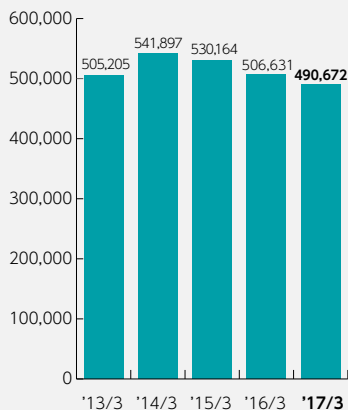


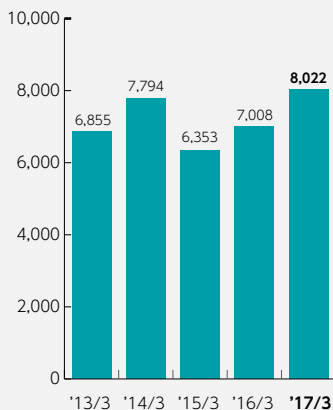
Japan Pulp & Paper Co.,Ltd.
2017
Annual Review

Consolidated Financial Highlights

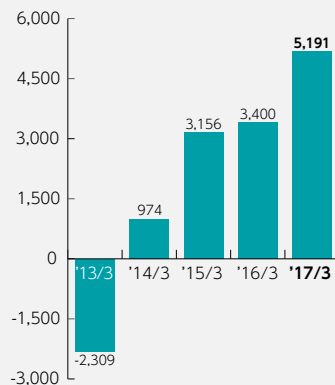
Net Sales
(Millions of yen)



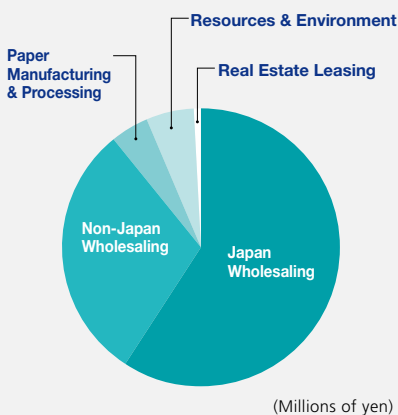
Ordinary Income
(Millions of yen)



Profit Attributable to Owners of Parent
(Millions of yen)

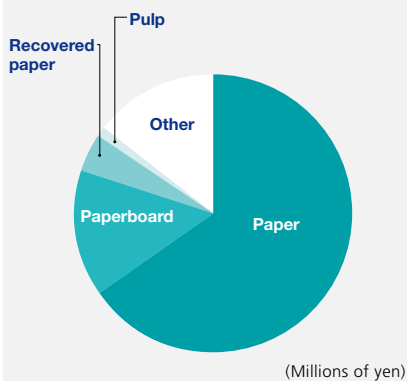


Sales by Business Segment
2017/3



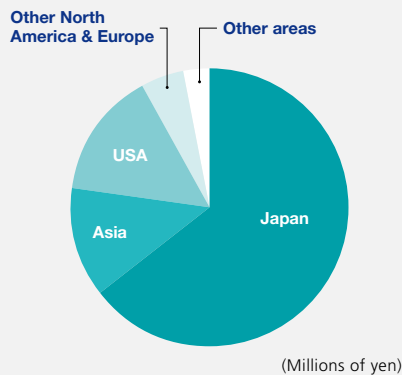
Japan Wholesaling 290,789 (59.3%)	Resources & Environment 27,837 (5.7%)
Non-Japan Wholesaling 146,975 (30.0%)	Real Estate Leasing 2,854 (0.6%)
Paper Manufacturing & Processing 22,217 (4.5%)	

Sales by Product Segment
2017/3



Paper 320,797 (65.4%)	Pulp 5,716 (1.2%)
Paperboard 72,714 (14.8%)	Other 69,710 (14.2%)
Recovered paper 21,735 (4.4%)	

Sales by Geographic Segment
2017/3



Japan 317,132 (64.6%)	Other North America & Europe 24,399 (5.0%)
Asia 62,266 (12.7%)	Other areas 13,744 (2.8%)
USA 73,131 (14.9%)	

* We partially changed some of the Japan Pulp & Paper Group's business segments from fiscal 2016 to clearly disclose the business structure transition being undertaken by the Japan Pulp & Paper Group as well as the progress status of this transition.

* Segments are based on the location of customers.

Consolidated Financial Highlights

	2013/3	2014/3	2015/3	2016/3	2017/3
Net sales (Millions of yen/Millions of U.S. dollars)	¥505,205	¥541,897	¥530,164	¥506,631	¥490,672 \$4,374
Operating income (Millions of yen/Millions of U.S. dollars)	6,718	7,844	6,491	6,380	8,109 \$72
Ordinary income (Millions of yen/Millions of U.S. dollars)	6,855	7,794	6,353	7,008	8,022 \$72
Profit attributable to owners of parent (Millions of yen/Millions of U.S. dollars)	-2,309	974	3,156	3,400	5,191 \$46
Comprehensive income (Millions of yen/Millions of U.S. dollars)	2,637	6,137	8,999	-1,417	6,643 \$59
Net assets (Millions of yen/Millions of U.S. dollars)	69,011	74,717	82,523	76,705	81,141 \$723
Total assets (Millions of yen/Millions of U.S. dollars)	276,891	292,686	310,058	297,493	288,219 \$2,569
Net assets per share (Yen/U.S. dollars)	460.35	498.02	543.36	524.09	561.68 \$5.01
Net income per share (Yen/U.S. dollars)	-15.88	6.78	21.96	24.44	38.04 \$0.34
Diluted net income per share (Yen/U.S. dollars)	—	6.75	21.84	24.30	37.79 \$0.34
Cash dividends per share (Yen/U.S. dollars)	10	10	10	10	10 \$0.09
Payout ratio (%)	—	147.5	45.5	40.9	26.3
Equity ratio (%)	23.9	24.5	25.2	24.3	26.5
Return on equity (%)	-3.5	1.4	4.2	4.5	7.0
Price/Earnings ratio (PER) (Times)	—	51.6	14.8	13.2	9.8
Net cash provided by (used in) operating activities (Millions of yen/Millions of U.S. dollars)	16,410	7,559	7,545	12,929	16,282 \$145
Net cash provided by (used in) investing activities (Millions of yen/Millions of U.S. dollars)	-2,686	-10,762	-18,517	-7,817	367 \$3
Net cash provided by (used in) financing activities (Millions of yen/Millions of U.S. dollars)	-12,789	2,707	11,004	-5,448	-15,641 \$-139
Cash and cash equivalents at end of period (Millions of yen/Millions of U.S. dollars)	4,751	4,863	5,569	5,328	6,157 \$55
Number of employees	3,135	3,146	3,164	3,110	3,099

Notes:

1) This financial information is presented based on generally accepted accounting principles in Japan.

2) Consumption tax has not been included in net sales.

3) Regarding profit attributable to owners of parent for the fiscal year ended March 31, 2013, the Company recorded a loss attributable to owners of parent of ¥2,309 million due to a ¥5,986 million write-down of investment securities.

4) Profit attributable to owners of parent for the fiscal year ended March 31, 2014 was ¥974 million after the recording of an extraordinary loss of ¥3,139 million due to the occurrence of uncollectable or overdue receivables in both China and Europe.

5) The price/earnings ratio (PER) for the fiscal year ended March 31, 2013 has not been stated since the Company recorded a loss attributable to owners of parent.

6) All U.S. dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of 112.19 yen to the dollar as of March 31, 2017.

Consolidated Balance Sheets

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen	
Assets	2017	2016
Current assets		
Cash and deposits	¥ 6,157	¥ 5,346
Notes and accounts receivable - trade	122,764	127,270
Inventories	26,080	26,304
Deferred tax assets	1,560	1,510
Other	4,543	6,486
Allowance for doubtful accounts	(1,437)	(1,593)
Total current assets	159,666	165,323
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,238	33,580
Machinery, equipment and vehicles, net	25,991	23,015
Tools, furniture and fixtures, net	601	695
Land	25,984	25,502
Leased assets, net	139	126
Construction in progress	2,385	6,639
Total property, plant and equipment	88,339	89,558
Intangible assets		
Goodwill	284	474
Other	1,889	1,969
Total intangible assets	2,173	2,443
Investments and other assets		
Investment securities	32,568	34,061
Deferred tax assets	1,401	1,847
Net defined benefit asset	26	19
Other	6,906	7,409
Allowance for doubtful accounts	(2,928)	(3,253)
Total investments and other assets	37,971	40,083
Total non-current assets	128,482	132,084
Deferred assets	71	86
Total assets	¥ 288,219	¥ 297,493

Consolidated Balance Sheets

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	¥ 88,683	¥ 88,710
Short-term loans payable	40,841	44,469
Current portion of long-term loans payable	2,896	2,947
Commercial papers	10,000	18,000
Current portion of bonds	-	25
Lease obligations	57	54
Income taxes payable	1,471	1,247
Provision for bonuses	1,660	1,558
Provision for directors' bonuses	125	117
Other	7,901	7,358
Total current liabilities	153,634	164,486
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	24,805	27,729
Lease obligations	108	104
Deferred tax liabilities	1,523	1,698
Provision for directors' retirement benefits	83	108
Net defined benefit liability	4,797	4,514
Other	2,128	2,150
Total non-current liabilities	53,444	56,303
Total liabilities	207,079	220,788
Net assets		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	14,685	14,674
Retained earnings	43,835	39,673
Treasury shares	(4,706)	(4,036)
Total shareholders' equity	70,462	66,960
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,652	5,375
Deferred gains or losses on hedges	(5)	(6)
Foreign currency translation adjustment	631	1,212
Remeasurements of defined benefit plans	(1,291)	(1,152)
Total accumulated other comprehensive income	5,987	5,429
Subscription rights to shares	265	229
Non-controlling interests	4,426	4,086
Total net assets	81,141	76,705
Total liabilities and net assets	¥ 288,219	¥ 297,493

Consolidated Statements of Income

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen		Millions of U.S. dollars
	2017	2016	2017
Net sales	¥ 490,672	¥ 506,631	\$ 4,374
Cost of sales	440,951	457,337	3,930
Gross profit	49,721	49,294	443
Selling, general and administrative expenses	41,612	42,914	371
Operating profit	8,109	6,380	72
Non-operating income			
Interest income	65	55	1
Dividend income	643	1,353	6
Share of profit of entities accounted for using equity method	-	293	-
Other	845	500	8
Total Non-operating income	1,554	2,200	14
Non-operating expenses			
Interest expenses	1,301	1,297	12
Share of loss of entities accounted for using equity method	60	-	1
Other	279	276	2
Total Non-operating expense	1,641	1,573	15
Ordinary profit	8,022	7,008	72
Extraordinary income			
Gain on sales of investment securities	1,777	1,289	16
gain on sales of non-current assets	193	62	2
Subsidy income	155	-	1
Other	4	40	0
Total Extraordinary income	2,129	1,391	19
Extraordinary losses			
Impairment loss	897	79	8
Loss on valuation of investment securities	580	118	5
Loss on change in equity	151	-	1
Loss on disposal of non-current assets	135	1,908	1
Loss on sales of investment securities	105	3	1
Loss on liquidation of subsidiaries and associates	54	-	0
Loss on valuation of golf club membership	-	5	-
Other	96	134	1
Total Extraordinary losses	2,017	2,247	18
Profit before income taxes	8,134	6,151	73
Income taxes-current			
	2,306	2,145	21
Income taxes-deferred			
	(113)	99	-
Total income taxes	2,194	2,245	20
Profit	5,940	3,906	53
Profit attributable to non-controlling interests	749	507	7
Profit attributable to owners of parent	¥ 5,191	¥ 3,400	\$ 46

Consolidated Statements of Comprehensive Income

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
 Years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Profit	¥ 5,940	¥ 3,906
Other comprehensive income		
Valuation difference on available-for-sale securities	1,175	(2,331)
Deferred gains or losses on hedges	1	(6)
Foreign currency translation adjustment	(450)	(218)
Remeasurements of defined benefit plans, net of tax	(141)	(2,631)
Share of other comprehensive income of entities accounted for using equity method	117	(138)
Total other comprehensive income	703	(5,323)
Comprehensive income	6,643	(1,417)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,750	(1,830)
Comprehensive income attributable to non-controlling interests	893	412

Consolidated Statements of Changes in Net Assets

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

Year ended March 31, 2017	Millions of yen												
	Shareholder' equity					Valuation and translation adjustment							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2016	¥ 16,649	¥ 14,674	¥ 39,673	¥ (4,036)	¥ 66,960	¥ 5,375	¥ (6)	¥ 1,212	¥ (1,152)	¥ 5,429	¥ 229	¥ 4,086	¥ 76,705
						-							
Changes of items during period													
Dividends of surplus			(1,374)		(1,374)								(1,374)
Profit attributable to owners of parent			5,191		5,191								5,191
Purchase of treasury shares				(707)	(707)								(707)
Disposal of treasury shares		(8)		38	30								30
Change of scope of consolidation			(237)		(237)								(237)
			590	(2)	587								587
Transfer to capital surplus from retained earnings		8	(8)		-								-
Purchase of shares of consolidated subsidiaries		11			11								11
Net changes of items other than shareholders' equity						1,276	1	(581)	(138)	558	36	340	934
Total changes of items during period	-	11	4,162	(670)	3,502	1,276	1	(581)	(138)	558	36	340	4,436
Balance at March 31, 2017	16,649	14,685	43,835	(4,706)	70,462	6,652	(5)	631	(1,291)	5,987	265	4,426	81,141

Year ended March 31, 2016	Millions of yen												
	Shareholder' equity					Valuation and translation adjustment							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2015	¥ 16,649	¥ 15,249	¥ 37,656	¥ (2,142)	¥ 67,412	¥ 7,764	-	¥ 1,413	¥ 1,505	¥ 10,683	¥ 218	¥ 4,209	¥ 82,523
Cumulative effects of changes in accounting policies									(25)	(25)		(6)	(32)
Restated balance	16,649	15,249	37,656	(2,142)	67,412	7,764	-	1,413	1,480	10,658	218	4,202	82,491
Changes of items during period													
Dividends of surplus			(1,412)		(1,412)								(1,412)
Profit attributable to owners of parent			3,400		3,400								3,400
Purchase of treasury shares				(1,967)	(1,967)								(1,967)
Disposal of treasury shares		(19)		72	53								53
Change of scope of consolidation			49		49								49
Transfer to capital surplus from retained earnings		19	(19)		-								-
Purchase of shares of consolidated subsidiaries		(575)			(575)								(575)
Net changes of items other than shareholders' equity						(2,389)	(6)	(202)	(2,633)	(5,229)	11	(116)	(5,334)
Total changes of items during period	-	(575)	2,018	(1,894)	(452)	(2,389)	(6)	(202)	(2,633)	(5,229)	11	(116)	(5,786)
Balance at March 31, 2016	16,649	14,674	39,673	(4,036)	66,960	5,375	(6)	1,212	(1,152)	5,429	229	4,086	76,705

Consolidated Statements of Cash Flows

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Cash flows from operating activities		
Profit before income taxes	¥ 8,134	¥ 6,151
Depreciation	4,987	4,922
Amortization of goodwill	179	529
Impairment loss	897	79
Increase (decrease) in net defined benefit liability	126	(72)
Increase (decrease) in allowance for doubtful accounts	(157)	350
Increase (decrease) in provision for bonuses	111	53
Increase (decrease) in other provision	(5)	(3)
Interest and dividend income	(708)	(1,408)
Interest expenses	1,301	1,297
Share of (profit) loss of entities accounted for using equity method	60	(293)
Loss (gain) on sales of property, plant and equipment	(187)	(5)
Loss (gain) on valuation of investment securities	580	118
Loss (gain) on sales of investment securities	(1,672)	(1,286)
Loss on retirement of property, plant and equipment	99	942
Loss (gain) on change in equity	151	-
Decrease (increase) in notes and accounts receivable - trade	3,044	8,432
Decrease (increase) in inventories	(366)	3,037
Increase (decrease) in notes and accounts payable - trade	462	(7,288)
Decrease (increase) in other current assets	(553)	605
Increase (decrease) in other current liabilities	109	(1,018)
Other, net	2,165	144
Subtotal	18,757	15,285
Interest and dividend income received	752	1,445
Interest expenses paid	(1,286)	(1,323)
Income taxes (paid) refund	(1,941)	(2,479)
Net cash provided by (used in) operating activities	16,282	12,929
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,386)	(9,125)
Proceeds from sales of property, plant and equipment	739	303
Purchase of intangible assets	(231)	(121)
Purchase of investment securities	(536)	(427)
Proceeds from sales of investment securities	5,178	2,243
Payments of long-term loans receivable	(117)	(605)
Collection of long-term loans receivable	175	47
Proceeds from subsidy	2,491	622
Other, net	55	(755)
Net cash provided by (used in) investing activities	367	(7,817)

Consolidated Statements of Cash Flows

Japan Pulp & Paper Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,209)	(4,721)
Increase (decrease) in commercial papers	(8,000)	13,500
Proceeds from long-term loans payable	-	9,867
Repayments of long-term loans payable	(3,078)	(1,654)
Redemption of bonds	(25)	(15,050)
Payments for long-term accounts payable - other	-	(3,062)
Purchase of treasury shares	(719)	(1,971)
Cash dividends paid	(1,374)	(1,412)
Proceeds from share issuance to non-controlling shareholders	101	203
Dividends paid to non-controlling interests	(155)	(104)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,128)
Other, net	(182)	84
Net cash provided by (used in) financing activities	(15,641)	(5,448)
Effect of exchange rate change on cash and cash equivalents	(103)	(34)
Net increase (decrease) in cash and cash equivalents	906	(371)
Cash and cash equivalents at beginning of period	5,328	5,569
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(77)	129
Cash and cash equivalents at end of period	6,157	5,328

Japan Pulp & Paper Co.,Ltd.

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