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Consolidated Financial Results for the Three Months Ended June 30, 2017 [Japanese GAAP]

September 25, 2017

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: August 10, 2017

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 Three Months Ended June 30, 2017 (April 01, 2017 to June 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	%
Three months ended June 30, 2017	122,308	2.5	2,308	45.8	2,521	31.7	2,591	136.8
June 30, 2016	119,326	(5.9)	1,583	3.8	1,914	5.1	1,094	(36.2)

(Note) Comprehensive income: Three months ended June 30, 2017: ¥ 4,357 million [-%]
Three months ended June 30, 2016: ¥ (370) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2017	17.71	17.60
June 30, 2016	7.96	7.91

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2017	298,590	88,646	28.1
March 31, 2017	288,219	81,141	26.5

(Reference) Equity: As of June 30, 2017: ¥ 83,928 million
As of March 31, 2017: ¥ 76,449 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	-	5.00	-	5.00	10.00
Fiscal year ending March 31, 2018	-				
Fiscal year ending March 31, 2018 (Forecast)		5.00	-	50.00	-

(Note) Revision to the forecast for dividends announced most recently: No

* As the Company plans to conduct a consolidation of shares in which 10 shares of common shares are 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 ending March 31, 2018 (forecast) factors in the effect of the said consolidation of shares, and the total annual dividend is shown as “-.” Without factoring in the consolidation of shares, the year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) would be 5.00 yen, and the annual dividend per share would be 10.00 yen. For details, please see “Explanation of the proper use of financial results forecast and other notes.”

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018(April 01, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	530,000	8.0	9,500	17.1	9,000	12.2	5,200	0.2	355.68

(Note) Revision to the financial results forecast announced most recently: No

* Net income per share for the full-year consolidated financial results forecast for the fiscal year ending March 31, 2018 factors in the effect of the consolidation of shares. For details, please see “Explanation of the proper use of financial results forecast and other notes.”

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2017

(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):

June 30, 2017: 150,215,512 shares

March 31, 2017: 150,215,512 shares

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

June 30, 2017: 3,802,406 shares

March 31, 2017: 14,106,206 shares

3) Average number of shares during the period:

Three months ended June 30, 2017: 146,305,258 shares

Three months ended June 30, 2016: 137,446,019 shares

*Quarterly financial results reports are not required to be subjected to quarterly reviews.

* 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.

(Dividend and financial results forecast after the consolidation of shares)

At the 155th Ordinary General Meeting of Shareholders held on June 28, 2017, the change in the number of shares per share unit and the consolidation of shares were approved and resolved. Accordingly, the Company plans to change the number of shares per share unit from 1,000 shares to 100 shares and consolidate 10 shares of common shares into one share with an effective date of October 1, 2017. The dividend forecast and consolidated financial results forecast for the fiscal year ending March 31, 2018 converted to the basis before factoring in the consolidation of shares are as follows.

1. Dividend forecast for the fiscal year ending March 31, 2018

Dividend per share

Second quarter-end 5.00 yen (Note 1)

Year-end 5.00 yen (Note 2)

2. Full-year consolidated financial results forecast for the fiscal year ending March 31, 2018

Net income per share Full-year 35.57 yen

(Note 1) The dividend at the second quarter-end will be paid out to the number of shares prior to the consolidation of shares.

(Note 2) Dividend amount converted to the basis before factoring in the consolidation of shares.

(Note 3) The annual dividend for the fiscal year ending March 31, 2018 (before factoring in the consolidation of shares) would be 10.00 yen.

1 . Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2017	As of June 30,2017
Assets		
Current assets		
Cash and deposits	6,157	6,389
Notes and accounts receivable - trade	122,764	123,840
Inventories	26,080	24,346
Other	6,103	6,475
Allowance for doubtful accounts	(1,437)	(1,425)
Total current assets	159,666	159,625
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,238	34,139
Land	25,984	32,391
Other, net	29,116	29,412
Total property, plant and equipment	88,339	95,942
Intangible assets		
Goodwill	284	251
Other	1,889	1,905
Total intangible assets	2,173	2,155
Investments and other assets		
Investment securities	32,568	35,230
Other	8,332	8,436
Allowance for doubtful accounts	(2,928)	(2,866)
Total investments and other assets	37,971	40,801
Total non-current assets	128,482	138,898
Deferred assets	71	67
Total assets	288,219	298,590

(Million yen)

	As of March 31,2017	As of June 30,2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,683	89,068
Short-term loans payable	40,841	42,821
Current portion of long-term loans payable	2,896	3,976
Commercial papers	10,000	7,000
Income taxes payable	1,471	1,008
Provision	1,785	1,091
Other	7,959	8,258
Total current liabilities	153,634	153,221
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	24,805	26,327
Provision	83	771
Net defined benefit liability	4,797	4,951
Other	3,759	4,673
Total non-current liabilities	53,444	56,722
Total liabilities	207,079	209,943
Net assets		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	14,685	15,029
Retained earnings	43,835	45,744
Treasury shares	(4,706)	(1,236)
Total shareholders' equity	70,462	76,187
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,652	8,423
Deferred gains or losses on hedges	(5)	158
Foreign currency translation adjustment	631	420
Remeasurements of defined benefit plans	(1,291)	(1,259)
Total accumulated other comprehensive income	5,987	7,741
Subscription rights to shares	265	217
Non-controlling interests	4,426	4,501
Total net assets	81,141	88,646
Total liabilities and net assets	288,219	298,590

2. Quarterly Consolidated Statements of Income and Comprehensive Income

1. Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2016	For the three months ended June 30,2017
Net sales	119,326	122,308
Cost of sales	107,710	108,793
Gross profit	11,615	13,515
Selling, general and administrative expenses	10,032	11,207
Operating profit	1,583	2,308
Non-operating income		
Interest income	15	16
Dividend income	332	355
Share of profit of entities accounted for using equity method	154	90
Other	182	128
Total non-operating income	682	589
Non-operating expenses		
Interest expenses	304	334
Other	47	41
Total non-operating expenses	351	375
Ordinary profit	1,914	2,521
Extraordinary income		
Gain on sales of non-current assets	4	788
Gain on bargain purchase	-	492
Gain on sales of investment securities	-	68
Subsidy income	155	-
Total extraordinary income	158	1,348
Extraordinary losses		
Loss on disposal of non-current assets	50	94
Loss on sales of investment securities	-	3
Loss on change in equity	151	-
Loss on liquidation of subsidiaries and associates	39	-
Loss on valuation of investment securities	10	-
Other	37	-
Total extraordinary losses	287	97
Profit before income taxes	1,785	3,773
Income taxes - current	276	605
Income taxes - deferred	324	403
Total income taxes	600	1,008
Profit	1,186	2,765
Profit attributable to non-controlling interests	92	174
Profit attributable to owners of parent	1,094	2,591

2. Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2016	For the three months ended June 30,2017
Profit	1,186	2,765
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,306)	1,631
Deferred gains or losses on hedges	3	162
Foreign currency translation adjustment	(249)	(393)
Remeasurements of defined benefit plans, net of tax	22	31
Share of other comprehensive income of entities accounted for using equity method	(25)	160
Total other comprehensive income	(1,556)	1,592
Comprehensive income	(370)	4,357
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(440)	4,345
Comprehensive income attributable to non-controlling interests	70	12

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

1. Three-month period ended June 30, 2016 (consolidated)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated financial statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	71,740	35,397	5,140	6,349	699	119,326	□	119,326
Intersegment sales/transfers	2,158	85	5,930	1,560	28	9,761	(9,761)	□
Total	73,897	35,482	11,070	7,909	728	129,087	(9,761)	119,326
Segment income (loss)	1,180	246	550	14	129	2,119	(205)	1,914

(Notes)

1. Segment income (loss) is adjusted with ordinary income in the Quarterly Consolidated Statement of Income.
2. Adjustments in segment income (loss) are profits and expenses not distributed to each relevant business segment.

2. Three-month period ended June 30, 2017 (consolidated)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated financial statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	71,853	34,024	5,498	10,229	704	122,308	□	122,308
Intersegment sales/transfers	2,133	57	6,326	1,972	27	10,515	(10,515)	□
Total	73,986	34,081	11,824	12,200	730	132,822	(10,515)	122,308
Segment income (loss)	1,132	309	587	844	151	3,023	(501)	2,521

(Notes)

1. Segment income (loss) is adjusted with ordinary income in the Quarterly Consolidated Statement of Income.
2. Adjustments in segment income (loss) are profits and expenses not distributed to each relevant business segment.