

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



## Consolidated Financial Results for the Six Months Ended September 30, 2017 [Japanese GAAP]

November 08, 2017

Company name: Japan Pulp & Paper Co., Ltd.

Stock exchange listing: Tokyo

Code number: 8032

URL: <https://www.kamipa.co.jp/>

Representative: Akihiko Watanabe

President

Contact: Yasushi Takei

Senior Vice President, Finance & Administration Division

Phone: 03(3534)8522

Scheduled date of filing quarterly securities report: November 10, 2017

Scheduled date of commencing dividend payments: December 01, 2017

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 01, 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	245,204	5.0	4,145	18.6	4,173	12.6	3,300	53.8
September 30, 2016	233,495	(8.5)	3,495	16.4	3,707	19.4	2,146	38.7

(Note) Comprehensive income: Six months ended September 30, 2017: ¥ 6,229 million [ -%]

Six months ended September 30, 2016: ¥ 394 million [ (50.8)%]

\*The change in comprehensive income for the six months ended September 30, 2017 compared with the previous corresponding period has exceeded 1,000%, and is therefore shown as “-.”

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2017	Yen 225.45	Yen 224.13
September 30, 2016	156.88	155.87

\*The Company has conducted a consolidation of shares in which 10 shares of common shares are consolidated into one share with an effective date of October 1, 2017. Basic earnings per share and diluted earnings per share have been calculated under the assumption that the aforementioned consolidation of shares was conducted at the beginning of the consolidated fiscal year ended March 31, 2017.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2017	Million yen 338,905	Million yen 92,729	%
March 31, 2017	288,219	81,141	26.5

(Reference) Equity: As of September 30, 2017: ¥ 85,787 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	-	5.00			
Fiscal year ending March 31, 2018 (Forecast)			-	50.00	-

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

\* As the Company has conducted 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 six months ended September 30, 2017

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 2 (Company name: Ball & Doggett Group Pty Ltd, PagePack (NZ) Limited )

(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):

September 30, 2017: 15,021,551 shares

March 31, 2017: 15,021,551 shares

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

September 30, 2017: 380,721 shares

March 31, 2017: 1,410,620 shares

3) Average number of shares during the period:

Six months ended September 30, 2017: 14,635,748 shares

Six months ended September 30, 2016: 13,678,361 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 has changed the number of shares per share unit from 1,000 shares to 100 shares and has consolidated 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.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2017	As of September 30,2017
<b>Assets</b>		
Current assets		
Cash and deposits	6,157	8,575
Notes and accounts receivable - trade	122,764	140,449
Inventories	26,080	35,235
Other	6,103	7,331
Allowance for doubtful accounts	(1,437)	(1,836)
Total current assets	159,666	189,755
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,238	34,149
Land	25,984	32,062
Other, net	29,116	34,385
Total property, plant and equipment	88,339	100,597
Intangible assets		
Goodwill	284	4,133
Other	1,889	1,904
Total intangible assets	2,173	6,037
Investments and other assets		
Investment securities	32,568	36,305
Other	8,332	9,042
Allowance for doubtful accounts	(2,928)	(2,894)
Total investments and other assets	37,971	42,452
Total non-current assets	128,482	149,087
Deferred assets	71	63
Total assets	288,219	338,905

(Million yen)

	As of March 31,2017	As of September 30,2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	88,683	101,248
Short-term loans payable	40,841	44,279
Current portion of long-term loans payable	2,896	4,330
Commercial papers	10,000	21,000
Income taxes payable	1,471	1,642
Provision	1,785	1,863
Other	7,959	10,425
Total current liabilities	153,634	184,787
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	24,805	30,608
Provision	83	814
Net defined benefit liability	4,797	5,018
Other	3,759	4,948
Total non-current liabilities	53,444	61,389
Total liabilities	207,079	246,176
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	14,685	15,200
Retained earnings	43,835	46,453
Treasury shares	(4,706)	(1,351)
Total shareholders' equity	70,462	76,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,652	9,300
Deferred gains or losses on hedges	(5)	(7)
Foreign currency translation adjustment	631	771
Remeasurements of defined benefit plans	(1,291)	(1,228)
Total accumulated other comprehensive income	5,987	8,836
Subscription rights to shares	265	217
Non-controlling interests	4,426	6,725
Total net assets	81,141	92,729
Total liabilities and net assets	288,219	338,905

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2016	For the six months ended September 30,2017
Net sales	233,495	245,204
Cost of sales	210,329	218,611
Gross profit	23,165	26,593
Selling, general and administrative expenses	19,671	22,448
Operating profit	3,495	4,145
Non-operating income		
Interest income	34	35
Dividend income	356	397
Share of profit of entities accounted for using equity method	276	150
Other	246	223
Total non-operating income	913	805
Non-operating expenses		
Interest expenses	605	676
Other	95	100
Total non-operating expenses	701	776
Ordinary profit	3,707	4,173
Extraordinary income		
Gain on sales of non-current assets	9	830
Gain on bargain purchase	-	492
Gain on sales of investment securities	-	76
Subsidy income	155	-
Total extraordinary income	164	1,398
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	38	438
Loss on disposal of non-current assets	85	177
Loss on sales of investment securities	-	3
Loss on change in equity	151	-
Loss on valuation of investment securities	10	-
Other	41	-
Total extraordinary losses	325	618
Profit before income taxes	3,545	4,954
Income taxes - current	960	1,488
Income taxes - deferred	213	(73)
Total income taxes	1,173	1,416
Profit	2,372	3,538
Profit attributable to non-controlling interests	226	238
Profit attributable to owners of parent	2,146	3,300

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2016	For the six months ended September 30,2017
Profit	2,372	3,538
Other comprehensive income		
Valuation difference on available-for-sale securities	(932)	2,200
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustment	(1,099)	(48)
Remeasurements of defined benefit plans, net of tax	44	62
Share of other comprehensive income of entities accounted for using equity method	3	479
Total other comprehensive income	(1,978)	2,691
Comprehensive income	394	6,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	270	6,148
Comprehensive income attributable to non-controlling interests	123	81

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

1. Six-months period ended September 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	143,660	65,641	10,361	12,414	1,418	233,495	—	233,495
Intersegment sales/transfers	4,344	235	11,814	3,192	55	19,640	(19,640)	—
Total	148,003	65,876	22,175	15,606	1,473	253,134	(19,640)	233,495
Segment income (loss)	2,458	472	1,244	201	273	4,647	(940)	3,707

(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. Six-months period ended September 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	144,074	67,215	11,199	21,306	1,410	245,204	—	245,204
Intersegment sales/transfers	4,436	167	12,171	4,170	55	21,000	(21,000)	—
Total	148,510	67,382	23,370	25,476	1,466	266,204	(21,000)	245,204
Segment income (loss)	2,545	288	804	1,501	317	5,455	(1,282)	4,173

(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.