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## Consolidated Financial Results for the Nine Months Ended December 31, 2017 [Japanese GAAP]

February 07, 2018

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

Stock exchange listing: Tokyo

Code number: 8032

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

Representative: Akihiko Watanabe President

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Scheduled date of filing quarterly securities report: February 14, 2018

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 Nine Months Ended December 31, 2017 (April 01, 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	388,216	9.7	7,111	19.5	7,156	12.2	4,706	1.7
December 31, 2016	353,890	(7.4)	5,952	25.4	6,375	32.4	4,626	89.3

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥ 10,380 million [ 124.2%]  
 Nine months ended December 31, 2016: ¥ 4,629 million [ 149.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2017	322.87	321.05
December 31, 2016	338.76	336.54

\*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	Million yen	Million yen	%
December 31, 2017	346,316	93,756	24.9
March 31, 2017	288,219	81,141	26.5

(Reference) Equity: As of December 31, 2017: ¥ 86,317 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 nine months ended December 31, 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):

December 31, 2017: 15,021,551 shares

March 31, 2017: 15,021,551 shares

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

December 31, 2017: 928,772 shares

March 31, 2017: 1,410,620 shares

3) Average number of shares during the period:	
Nine months ended December 31, 2017:	14,576,484 shares
Nine months ended December 31, 2016:	13,656,173 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 was 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 December 31,2017
<b>Assets</b>		
Current assets		
Cash and deposits	6,157	8,569
Notes and accounts receivable - trade	122,764	146,796
Inventories	26,080	34,585
Other	6,103	6,724
Allowance for doubtful accounts	(1,437)	(1,840)
Total current assets	159,666	194,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,238	33,911
Land	25,984	32,080
Other, net	29,116	33,993
Total property, plant and equipment	88,339	99,984
Intangible assets		
Goodwill	284	4,077
Other	1,889	1,918
Total intangible assets	2,173	5,995
Investments and other assets		
Investment securities	32,568	39,341
Other	8,332	9,060
Allowance for doubtful accounts	(2,928)	(2,958)
Total investments and other assets	37,971	45,443
Total non-current assets	128,482	151,422
Deferred assets	71	60
Total assets	288,219	346,316

(Million yen)

	As of March 31,2017	As of December 31,2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	88,683	105,126
Short-term loans payable	40,841	45,602
Current portion of long-term loans payable	2,896	4,229
Commercial papers	10,000	22,000
Income taxes payable	1,471	1,523
Provision	1,785	1,121
Other	7,959	10,882
Total current liabilities	153,634	190,483
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	24,805	30,457
Provision	83	856
Net defined benefit liability	4,797	5,032
Other	3,759	5,732
Total non-current liabilities	53,444	62,078
Total liabilities	207,079	252,560
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,649	16,649
Capital surplus	14,685	15,200
Retained earnings	43,835	47,119
Treasury shares	(4,706)	(3,624)
Total shareholders' equity	70,462	75,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,652	11,114
Deferred gains or losses on hedges	(5)	(3)
Foreign currency translation adjustment	631	1,058
Remeasurements of defined benefit plans	(1,291)	(1,197)
Total accumulated other comprehensive income	5,987	10,972
Subscription rights to shares	265	217
Non-controlling interests	4,426	7,221
Total net assets	81,141	93,756
Total liabilities and net assets	288,219	346,316

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

(Million yen)

	For the nine months ended December 31,2016	For the nine months ended December 31,2017
Net sales	353,890	388,216
Cost of sales	318,275	344,854
Gross profit	35,614	43,362
Selling, general and administrative expenses	29,662	36,251
Operating profit	5,952	7,111
Non-operating income		
Interest income	50	49
Dividend income	618	607
Share of profit of entities accounted for using equity method	382	281
Other	510	382
Total non-operating income	1,560	1,319
Non-operating expenses		
Interest expenses	932	1,139
Other	205	134
Total non-operating expenses	1,136	1,274
Ordinary profit	6,375	7,156
Extraordinary income		
Gain on sales of non-current assets	16	833
Gain on bargain purchase	-	492
Gain on sales of investment securities	1,423	76
Subsidy income	155	-
Total extraordinary income	1,593	1,401
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	45	433
Loss on disposal of non-current assets	90	202
Loss on sales of investment securities	104	4
Loss on valuation of investment securities	259	-
Loss on change in equity	151	-
Other	48	4
Total extraordinary losses	697	643
Profit before income taxes	7,271	7,913
Income taxes - current	1,604	2,255
Income taxes - deferred	508	179
Total income taxes	2,112	2,434
Profit	5,159	5,479
Profit attributable to non-controlling interests	533	773
Profit attributable to owners of parent	4,626	4,706

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

(Million yen)

	For the nine months ended December 31,2016	For the nine months ended December 31,2017
Profit	5,159	5,479
Other comprehensive income		
Valuation difference on available-for-sale securities	797	3,923
Deferred gains or losses on hedges	13	2
Foreign currency translation adjustment	(1,511)	295
Remeasurements of defined benefit plans, net of tax	88	93
Share of other comprehensive income of entities accounted for using equity method	83	589
Total other comprehensive income	(530)	4,901
Comprehensive income	4,629	10,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,251	9,691
Comprehensive income attributable to non-controlling interests	378	689

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

1. Nine-months period ended December 31, 2016 (consolidated)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	218,387	97,809	16,116	19,445	2,134	353,890	—	353,890
Intersegment sales/transfers	7,188	292	18,177	4,994	82	30,733	(30,733)	—
Total	225,576	98,100	34,293	24,438	2,216	384,623	(30,733)	353,890
Segment income (loss)	3,833	870	2,243	491	396	7,833	(1,458)	6,375

(Notes)

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

2. Nine-months period ended December 31, 2017 (consolidated)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	220,300	116,820	17,633	31,345	2,118	388,216	—	388,216
Intersegment sales/transfers	6,710	200	18,975	6,208	86	32,179	(32,179)	—
Total	227,009	117,020	36,607	37,553	2,204	420,395	(32,179)	388,216
Segment income (loss)	3,949	883	2,111	1,780	463	9,187	(2,031)	7,156

(Notes)

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