

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (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 Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(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, 2016	100,375	(6.2)	1,980	233.1	500	310.1	(294)	-
September 30, 2015	107,046	2.0	594	-	122	-	(512)	-

(Note) Comprehensive income: Six months ended September 30, 2016: ¥(1,122) million [-%]

Six months ended September 30, 2015: ¥(1,719) million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	(8.61)		-	
September 30, 2015	(14.99)		-	

* 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 has been 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 September 30, 2016	230,342	50,361	20.9
As of March 31, 2016	241,155	51,492	20.4

(Reference) Equity: As of September 30, 2016: ¥48,121 million

As of March 31, 2016: ¥49,241 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, 2016	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2017	-	0.00			
Fiscal year ending March 31, 2017 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% 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
	207,000	(4.3)	4,500	16.2	2,500	12.8	1,000	(54.9)	29.25

(Note) Revision to the financial results forecast announced most recently: Yes

* The Company conducted a reverse stock split to consolidate every ten shares of common stock into one share on October 1, 2016. Accordingly, earnings per share has been calculated factoring in this reverse stock split.

* 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: Yes

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):

September 30, 2016: 34,258,433 shares

March 31, 2016: 34,258,433 shares

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

September 30, 2016: 74,002 shares

March 31, 2016: 73,388 shares

3) Average number of shares during the period:

Six months ended September 30, 2016: 34,184,762 shares

Six months ended September 30, 2015: 34,186,626 shares

* The Company conducted a reverse stock split to consolidate every ten shares of common stock into one share on October 1, 2016. Number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements have not been completed.

* 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, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	11,381	9,419
Notes and accounts receivable - trade	48,338	44,942
Merchandise and finished goods	27,458	25,794
Work in process	7,646	6,454
Raw materials and supplies	10,399	9,802
Other	4,870	5,105
Allowance for doubtful accounts	(188)	(232)
Total current assets	109,907	101,288
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,350	27,487
Machinery, equipment and vehicles, net	55,571	53,211
Land	22,518	22,156
Construction in progress	535	1,467
Other, net	2,899	2,572
Total property, plant and equipment	109,875	106,896
Intangible assets		
Other	225	189
Total intangible assets	225	189
Investments and other assets		
Investment securities	18,554	19,278
Other	2,932	2,796
Allowance for doubtful accounts	(338)	(106)
Total investments and other assets	21,147	21,968
Total non-current assets	131,248	129,054
Total assets	241,155	230,342

(Million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,245	23,594
Short-term loans payable	81,176	75,083
Income taxes payable	345	362
Other	13,910	14,255
Total current liabilities	118,677	113,295
Non-current liabilities		
Long-term loans payable	57,443	53,644
Reserve for loss on dissolution of employee's fund	121	121
Net defined benefit liability	9,165	8,783
Asset retirement obligations	884	886
Other	3,370	3,249
Total non-current liabilities	70,985	66,685
Total liabilities	189,663	179,981
Net assets		
Shareholders' equity		
Capital stock	32,756	32,756
Capital surplus	7,456	7,456
Retained earnings	7,447	7,152
Treasury shares	(145)	(145)
Total shareholders' equity	47,514	47,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,014	3,218
Foreign currency translation adjustment	1,577	749
Remeasurements of defined benefit plans	(2,864)	(3,066)
Total accumulated other comprehensive income	1,727	902
Non-controlling interests	2,250	2,239
Total net assets	51,492	50,361
Total liabilities and net assets	241,155	230,342

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Net sales	107,046	100,375
Cost of sales	90,934	82,896
Gross profit	16,111	17,478
Selling, general and administrative expenses	15,516	15,498
Operating income	594	1,980
Non-operating income		
Interest income	27	20
Dividend income	232	234
Royalty income	180	143
Compensation income	9	208
Foreign exchange gains	164	—
Other	272	162
Total non-operating income	886	769
Non-operating expenses		
Interest expenses	1,186	1,111
Foreign exchange loss	—	979
Other	171	157
Total non-operating expenses	1,358	2,249
Ordinary income	122	500
Extraordinary income		
Gain on disposal of non-current assets	54	10
Gain on sales of investment securities	0	233
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	197	—
Other	11	32
Total extraordinary income	264	276
Extraordinary losses		
Loss on disposal of non-current assets	313	445
Special retirement expenses	157	153
Business restructuring cost	145	135
Other	6	85
Total extraordinary losses	622	819
Loss before income taxes	(235)	(43)
Income taxes	234	206
Loss	(469)	(249)
Profit attributable to non-controlling interests	42	44
Loss attributable to owners of parent	(512)	(294)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Loss	(469)	(249)
Other comprehensive income		
Valuation difference on available-for-sale securities	(834)	219
Foreign currency translation adjustment	(264)	(768)
Remeasurements of defined benefit plans, net of tax	(173)	(153)
Share of other comprehensive income of entities accounted for using equity method	22	(171)
Total other comprehensive income	(1,249)	(873)
Comprehensive income	(1,719)	(1,122)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,691)	(1,119)
Comprehensive income attributable to non-controlling interests	(27)	(2)