

Summary of Consolidated Financial Results for the Fiscal year Ended March 31, 2018 (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 Fiscal year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	%
Fiscal year ended March 31, 2018	201,492	(0.2)	1,790	(58.5)	652	(75.8)	3,198	177.5
March 31, 2017	201,955	(6.6)	4,313	11.4	2,703	22.0	1,152	(48.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥ 5,493 million [(1.9)%]

Fiscal year ended March 31, 2017: ¥ 5,597 million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2018	93.57		-	
March 31, 2017	33.72		-	

* 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 March 31, 2018	237,426	61,077	25.2
As of March 31, 2017	235,869	56,631	23.1

(Reference) Equity: As of March 31, 2018: ¥59,731 million

As of March 31, 2017: ¥54,383 million

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2018	12,809	(5,994)	(8,107)	9,744
March 31, 2017	19,839	(7,070)	(13,112)	10,840

2. Dividends

	Annual dividends				Amount of total dividends (Annual) Million yen	Dividend payout (Consolidated) %	Ratio of dividends to net assets (Consolidated) %
	1st quarter-end Yen	2nd quarter-end Yen	3rd quarter-end Yen	Year-end Yen			
Fiscal year ended March 31, 2017	-	0.00	-	0.00	-	-	-
Fiscal year ended March 31, 2018	-	0.00	-	5.00	170	5.3	0.3
Fiscal year ending March 31, 2019 (Forecast)	-	0.00	-	-		-	

(Note) Year-end dividend for Fiscal year ending March 31, 2019 has yet to be determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	205,000	1.7	1,500	(16.2)	500	(23.4)	500	(84.4)	14.63

* 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) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2018: 34,258,433 shares

March 31, 2017: 34,258,433 shares

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

March 31, 2018: 77,847 shares

March 31, 2017: 76,185 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2018: 34,181,231 shares

Fiscal year ended March 31, 2017: 34,183,946 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.

* Financial results reports are not required to be audited.

* 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	10,840	9,744
Notes and accounts receivable - trade	46,291	46,330
Merchandise and finished goods	24,756	27,552
Work in process	6,541	6,707
Raw materials and supplies	10,108	9,729
Deferred tax assets	1,027	1,103
Other	4,447	4,476
Allowance for doubtful accounts	(216)	(224)
Total current assets	103,797	105,419
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,089	25,413
Machinery, equipment and vehicles, net	51,642	47,291
Land	22,068	22,147
Leased assets, net	1,194	1,142
Construction in progress	676	2,310
Other, net	1,391	1,427
Total property, plant and equipment	104,064	99,732
Intangible assets		
Other	291	1,719
Total intangible assets	291	1,719
Investments and other assets		
Investment securities	23,001	21,672
Long-term loans receivable	599	1,448
Net defined benefit asset	2,005	5,263
Deferred tax assets	184	252
Other	2,024	1,986
Allowance for doubtful accounts	(99)	(68)
Total investments and other assets	27,716	30,554
Total non-current assets	132,071	132,006
Total assets	235,869	237,426

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,556	26,818
Short-term loans payable	68,264	70,828
Commercial paper	—	3,000
Lease obligations	346	375
Accrued expenses	7,135	7,358
Income taxes payable	399	397
Other	6,673	8,430
Total current liabilities	107,376	117,208
Non-current liabilities		
Long-term loans payable	57,570	45,656
Lease obligations	907	691
Deferred tax liabilities	2,442	1,198
Provision for directors' retirement benefits	66	56
Reserve for loss on dissolution of employee's fund	143	143
Net defined benefit liability	8,949	9,328
Asset retirement obligations	888	888
Other	893	1,175
Total non-current liabilities	71,862	59,139
Total liabilities	179,238	176,348
Net assets		
Shareholders' equity		
Capital stock	32,756	32,756
Capital surplus	7,438	6,132
Retained earnings	8,599	12,965
Treasury shares	(147)	(148)
Total shareholders' equity	48,647	51,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	5,204
Foreign currency translation adjustment	1,245	1,511
Remeasurements of defined benefit plans	(1,015)	1,309
Total accumulated other comprehensive income	5,736	8,025
Non-controlling interests	2,247	1,345
Total net assets	56,631	61,077
Total liabilities and net assets	235,869	237,426

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	201,955	201,492
Cost of sales	166,817	169,221
Gross profit	35,137	32,270
Selling, general and administrative expenses	30,824	30,480
Operating income	4,313	1,790
Non-operating income		
Interest income	46	58
Dividend income	438	501
Foreign exchange gains	—	59
Royalty income	149	175
Other	736	457
Total non-operating income	1,371	1,252
Non-operating expenses		
Interest expenses	2,075	1,767
Foreign exchange losses	287	—
Other	618	622
Total non-operating expenses	2,981	2,390
Ordinary income	2,703	652
Extraordinary income		
Gain on disposal of non-current assets	17	1,545
Gain on sales of investment securities	233	847
Other	146	71
Total extraordinary income	397	2,465
Extraordinary losses		
Loss on disposal of non-current assets	530	400
Special retirement expenses	348	375
Business restructuring cost	276	—
Environmental expenses	—	295
Impairment loss	287	209
Other	71	87
Total extraordinary losses	1,514	1,368
Income before income taxes and non-controlling interests	1,585	1,749
Income taxes	256	(1,530)
Profit	1,329	3,280
Profit attributable to non-controlling interests	176	81
Profit attributable to owners of parent	1,152	3,198

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,329	3,280
Other comprehensive income		
Valuation difference on available-for-sale securities	2,813	(450)
Foreign currency translation adjustment	(313)	301
Remeasurements of defined benefit plans, net of tax	1,821	2,386
Share of other comprehensive income of entities accounted for using equity method	(53)	(24)
Total other comprehensive income	4,268	2,213
Comprehensive income	5,597	5,493
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,161	5,487
Comprehensive income attributable to non-controlling interests	435	6

(3) Consolidated Statements of Cash Flow

(Million yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes and non-controlling interests	1,585	1,749
Depreciation	10,454	10,474
Impairment loss	287	209
Decrease (increase) in net defined benefit asset	2	(149)
Increase (decrease) in net defined benefit liability	(120)	312
Increase (decrease) in provision for directors' retirement benefits	17	(9)
Interest and dividend income	(485)	(560)
Interest expense	2,075	1,767
Loss (gain) on sales of short-term and long-term investment securities	(207)	(846)
Loss (gain) on disposal of non-current assets	513	(1,144)
Business restructuring cost	276	—
Decrease (increase) in notes and accounts receivable - trade	2,182	(29)
Decrease (increase) in inventories	3,432	(1,935)
Increase (decrease) in notes and accounts payable - trade	1,547	2,041
Other, net	592	2,710
Subtotal	22,155	14,589
Payments for business restructuring cost	(144)	(131)
Interest and dividend income received	489	566
Interest expenses paid	(2,155)	(1,771)
Income taxes paid	(506)	(442)
Net cash provided by (used in) operating activities	19,839	12,809
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(6,120)	(7,822)
Proceeds from sales of property, plant and equipment and intangible assets	50	1,872
Purchase of investment securities	(142)	(25)
Proceeds from sales of investment securities	269	1,136
Purchase of shares of subsidiaries and associates	(355)	(0)
Payments of loans receivable	(570)	(902)
Collection of loans receivable	53	23
Other, net	(256)	(276)
Net cash provided by (used in) investing activities	(7,070)	(5,994)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,112)	1
Net increase (decrease) in commercial paper	—	3,000
Proceeds from long-term loans payable	17,899	7,740
Repayments of long-term loans payable	(28,090)	(17,441)
Repayments of lease obligations	(348)	(362)
Proceeds from share issuance to non-controlling shareholders	—	48
Purchase of treasury shares	(2)	(1)
Proceeds from sales of treasury shares	0	—
Dividends paid to non-controlling interests	(188)	(237)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(269)	(854)
Net cash provided by (used in) financing activities	(13,112)	(8,107)
Effect of exchange rate change on cash and cash equivalents	(196)	196
Net increase (decrease) in cash and cash equivalents	(540)	(1,096)
Cash and cash equivalents at beginning of period	11,381	10,840
Cash and cash equivalents at end of period	10,840	9,744