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Summary of Consolidated Financial and Business Results for the First Quarter of the Year Ending March 2017

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(All yen figures are rounded down to the nearest one million yen)

1. Results for the First Quarter of the Year Ending March 31, 2017 (April 1, 2016 - June 30, 2016) (Unaudited)

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2016	350,622	(2.3)	18,506	17.3	7,794	(70.4)	7,303	(56.8)
First Quarter of FY2015	359,005	12.5	15,778	54.1	26,360	217.0	16,894	441.7

Note: Comprehensive income 1Q of FY2016 (14,802) million yen 1Q of FY2015 6,601 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2016	7.39	7.38
First Quarter of FY2015	17.10	17.08

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Quarter of FY2016	1,907,777	716,881	30.5	588.70
Year ended March 2016	1,934,921	730,915	30.7	600.34

Note: Shareholders' equity 1Q of FY2016 581,976 million yen FY2015 593,476 million yen

2. Dividend Conditions

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
FY2015	—	5.00	—	5.00	10.00
FY2016	—				
FY2016 (Forecast)		5.00	—	5.00	10.00

Note : Change in forecast of dividend … None

3. Consolidated Forecasts for the Year Ending March 2017 (April 1, 2016-March 31, 2017)

(Figures shown in percentage for the full year are ratios compared to the previous year,
Figures shown in percentage for the first half are ratios compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	700,000	(2.7)	31,000	8.9	24,000	(29.1)	16,000	(7.3)	16.18
Full year	1,430,000	(0.3)	72,000	(2.3)	62,000	(0.6)	38,000	149.1	38.44

Note : Change in consolidated forecasts … No

4. In Addition

(1) Changes in important subsidiaries
(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None

(2) Application of simple accounting methods and quarterly peculiar accounting methods : None

(3) Changes in accounting methods compared with recent consolidated accounting periods

① Changes due to accounting standard changes :	Yes
② Changes besides ① :	None
③ Accounting estimate change :	None
④ Restatement :	None

(4) Outstanding balance of issued shares (common stock)

① Outstanding balance of issued shares at the end of each period (Including treasury shares)

1Q of FY2016	1,014,381,817	FY2015	1,064,381,817

② Outstanding balance of treasury shares at the end of each period

1Q of FY2016	25,802,661	FY2015	75,807,429

③ Weighted average number of shares during the three months ended June 30 of each year

1Q of FY2016	988,583,376	1Q of FY2015	988,247,066

NOTICE

- This document is exempt from audit procedures required by Financial Instruments and Exchange Act, and audit procedures for consolidated financial statement haven't been finished as of the date of publication.
- Forecasts released are based on expectations of future economic conditions as of the date of publication. The actual results may differ drastically from these forecasts due to various factors that may arise in the future.
- This document is an excerpt translation of the Japanese original and is only for reference purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Qualitative Information Concerning Business Performance

Overview of the First Quarter of FY2016

During the first quarter of FY 2016, the domestic economic condition surrounding the Oji Group remained at a standstill in its recovery due to influences from yen appreciation and low stock prices since the beginning of the year 2016 and also from the Kumamoto Earthquake; despite continual improvements in employment and income situations.
With regard to the global economy, the US has steadily performed and Europe has gradually recovered. However, there are some factors that are causing a sense of uncertainty upon the future outlook, such as a cautiousness to economic slowdowns in emerging countries and resource-rich countries, geopolitical risks around the world, and influences from the UK votes to leave the EU.

Factors above have led to the results shown below.

Results for the first quarter of FY2016 (April 1, 2016 - June 30, 2016) are as follows.

Consolidated net sales:	¥ 350,622 million	(2.3% decrease)
Consolidated operating income:	¥ 18,506 million	(17.3% increase)
Consolidated ordinary income:	¥ 7,794 million	(70.4% decrease)
Consolidated profit attributable to owners of parent:	¥ 7,303 million	(56.8% decrease)

Sales overview is as follows.

○Household and Industrial Materials

Regarding domestic businesses, sales volume of containerboard was almost at the same level as the previous year.

Sales volume of corrugated sheet and container slightly increased relative to the previous year because sales of those for customers of beer, instant noodle and green grocery industries steadily performed.

As for household paper, sales volume of both tissue paper and toilet rolls increased. Sales volume of both baby and adult disposable diapers increased.

Regarding overseas businesses, sales of containerboard remained steady and that of corrugated sheet and container, mainly for customers of beverage and processed food industries, also recorded healthy in Southeast Asia.

○Functional Materials

Domestic sales of specialty paper increased compared to the previous year as a result of efforts made for sales expansion through development of new products and customers. Export sales increased in terms of volume from the previous year due to new orders received, but remained static in terms of amount due to yen appreciation. Domestic sales of thermal paper recorded healthy.
As for overseas businesses, sales volume of thermal paper decreased in North America but increased in South America. However, the yen-converted sales decreased relative to the previous year because of yen appreciation.

○Forest Resources and Environment Marketing

Domestically, sales of pulp for rayon manufacturing increased from the previous year as a result of strong export sales. In addition, sales amount of electric selling business increased with a contribution of the start of operation of a biomass boiler in Ebetsu City, Hokkaido, in January 2016.

Regarding overseas businesses, sales volume of pulp increased compared to the previous year due to sales expansion of Jiangsu Oji Paper, but sales amount decreased as a result of influences from a fall in selling prices, etc.

○Printing and Communications Media

Regarding domestics businesses, sales of newsprint decreased from the previous year as a result of reduced circulation.

Sales of printing and communication paper declined due to a decreased demand as well as decreased prices, etc.

Regarding overseas businesses, a steady increase in sales of Jiangsu Oji Paper resulted in an increase in sales volume of printing paper relative to the previous year.

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2015 Mar 31,2016	1Q / FY2016 Jun 30,2016
Assets		
Current assets		
Cash and deposits	43,968	48,968
Notes and accounts receivable - trade	285,954	283,735
Securities	7,486	6,395
Merchandise and finished goods	98,145	100,306
Work in process	18,921	22,411
Raw materials and supplies	80,109	80,330
Other	52,885	52,906
Allowance for doubtful accounts	(3,438)	(3,334)
Total current assets	584,033	591,720
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	210,163	210,624
Machinery, equipment and vehicles, net	414,754	396,897
Land	237,478	240,844
Other, net	275,081	262,972
Total property, plant and equipment	1,137,477	1,111,338
Intangible assets		
Goodwill	9,836	9,361
Other	13,167	13,032
Total intangible assets	23,004	22,394
Investments and other assets		
Investment securities	149,094	141,259
Other	42,932	42,636
Allowance for doubtful accounts	(1,620)	(1,571)
Total investments and other assets	190,405	182,324
Total non-current assets	1,350,887	1,316,056
Total assets	1,934,921	1,907,777

(Unit : Millions of yen)

	FY2015 Mar 31,2016	1Q / FY2016 Jun 30,2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	198,167	198,733
Short-term loans payable	178,157	178,619
Commercial papers	27,000	21,000
Current portion of bonds	20,020	20,000
Income taxes payable	7,354	4,601
Provision	3,553	3,578
Other	81,825	78,554
Total current liabilities	516,079	505,086
Non-current liabilities		
Bonds payable	120,000	120,000
Long-term loans payable	432,556	427,991
Provision	6,854	6,716
Net defined benefit liability	52,207	53,106
Other	76,307	77,994
Total non-current liabilities	687,925	685,808
Total liabilities	1,204,005	1,190,895
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,857	113,281
Retained earnings	359,830	333,551
Treasury shares	(42,638)	(14,517)
Total shareholders' equity	533,930	536,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,316	23,138
Deferred gains or losses on hedges	(771)	(699)
Revaluation reserve for land	5,463	5,463
Foreign currency translation adjustment	41,369	29,117
Remeasurements of defined benefit plans	(11,833)	(11,239)
Total accumulated other comprehensive income	59,545	45,780
Subscription rights to shares	260	275
Non-controlling interests	137,179	134,629
Total net assets	730,915	716,881
Total liabilities and net assets	1,934,921	1,907,777

Consolidated quarterly statements of income

(Unit : Millions of yen)

	1Q / FY2015 Apr '15 - Jun '15	1Q / FY2016 Apr '16 - Jun '16
Net sales	359,005	350,622
Cost of sales	276,989	266,863
Gross profit	82,016	83,759
Selling, general and administrative expenses		
Freightage related expenses	35,634	35,377
Other	30,602	29,875
Total selling, general and administrative expenses	66,237	65,252
Operating income	15,778	18,506
Non-operating income		
Interest income	334	242
Dividend income	1,678	1,282
Foreign exchange gains	3,473	—
Share of profit of entities accounted for using equity method	6,487	575
Other	3,507	1,768
Total non-operating income	15,482	3,869
Non-operating expenses		
Interest expenses	2,957	1,887
Foreign exchange losses	—	10,985
Other	1,943	1,708
Total non-operating expenses	4,900	14,581
Ordinary income	26,360	7,794
Extraordinary income		
Gain on sales of non-current assets	64	6,422
Other	82	903
Total extraordinary income	147	7,326
Extraordinary losses		
Amortization of goodwill	—	537
Loss on retirement of non-current assets	246	370
Other	459	258
Total extraordinary losses	706	1,166
Profit before income taxes	25,801	13,953
Income taxes - current	4,871	3,617
Income taxes - deferred	664	2,323
Total income taxes	5,536	5,941
Profit	20,265	8,012
Profit attributable to non-controlling interests	3,370	708
Profit attributable to owners of parent	16,894	7,303

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	1Q / FY2015 Apr '15 - Jun '15	1Q / FY2016 Apr '16 - Jun '16
Profit	20,265	8,012
Other comprehensive income		
Valuation difference on available-for-sale securities	4,801	(2,248)
Deferred gains or losses on hedges	(736)	79
Foreign currency translation adjustment	(17,128)	(20,728)
Remeasurements of defined benefit plans, net of tax	419	441
Share of other comprehensive income of entities accounted for using equity method	(1,019)	(358)
Total other comprehensive income	(13,663)	(22,814)
Comprehensive income	6,601	(14,802)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,441	(8,241)
Comprehensive income attributable to non-controlling interests	1,160	(6,561)

Sales and Operating Profit by Segment

(Unit : Millions of yen)

1. 1Q of FY2015 (April 1, 2015–June 30, 2015)

	Reporting Segment					Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environmental Marketing	Printing and Communica-tions Media	Total				
Sales									
(1) Sales to outside customers	141,041	49,944	56,972	68,962	316,919	42,085	359,005	—	359,005
(2) Intra-group sales between segments or transfers	10,472	4,553	13,222	7,515	35,764	23,286	59,051	(59,051)	—
Total	151,513	54,498	70,194	76,478	352,684	65,372	418,057	(59,051)	359,005
Segment profit (or loss)	3,631	2,793	6,059	1,222	13,706	1,683	15,390	388	15,778

2. 1Q of FY2016 (April 1, 2016–June 30, 2016)

	Reporting Segment					Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environmental Marketing	Printing and Communica-tions Media	Total				
Sales									
(1) Sales to outside customers	141,445	48,467	52,915	66,430	309,258	41,364	350,622	—	350,622
(2) Intra-group sales between segments or transfers	10,338	4,175	9,563	6,716	30,793	23,447	54,240	(54,240)	—
Total	151,783	52,643	62,478	73,146	340,051	64,811	404,863	(54,240)	350,622
Segment profit (or loss)	4,279	3,395	6,990	1,501	16,167	2,102	18,269	237	18,506

Household and Industrial Materials :	Containerboard, boxboard, packaging paper, corrugated container, paper container, paper bag product, sanitary paper, paper diaper, etc.
Functional Materials :	Specialty paper, thermal paper, adhesive paper, functional film, etc.
Forest Resources and Environmental Marketing :	Lumber, tree planting, pulp, renewable energy, etc.
Printing and Communications Media :	Newsprint, printing and writing papers, business form paper, copy paper, stationery, etc.
Others :	Real estate, machinery, trading business, etc.