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Summary of Consolidated Financial and Business Results for the First Half 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 Half of the Year Ending March 31, 2017 (April 1, 2016 - September 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 Half of FY2016	692,940	(3.7)	33,684	18.4	12,825	(62.1)	8,301	(51.9)
First Half of FY2015	719,197	12.9	28,456	47.9	33,825	106.3	17,250	161.3

Note: Comprehensive income First Half of FY2016 (48,765) million yen First Half of FY2015 112 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Half of FY2016	8.40	8.39
First Half of FY2015	17.46	17.43

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Half of FY2016	1,841,773	683,715	30.4	566.43
Year ended March 2016	1,934,921	730,915	30.7	600.34

Note: Shareholders' equity First Half of FY2016 559,947 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	—	5.00			
FY2016 (Forecast)			—	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 are ratios compared to 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
Full year	1,410,000	(1.6)	72,000	(2.3)	50,000	(19.8)	33,000	116.3	33.38

Note : Change in consolidated forecasts … Yes

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)

First Half of FY2016	1,014,381,817	FY2015	1,064,381,817

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

First Half of FY2016	25,833,743	FY2015	75,807,429

③ Weighted average number of shares during the six months ended September 30 of each year

First Half of FY2016	988,573,587	First Half of FY2015	988,266,420

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 Half of FY2016

During the first half of FY 2016, the domestic economic condition surrounding the Oji Group has showed a gradual recovery trend, driven by the steady employment situations. However, the economic recovery lacks strength due to influences from yen appreciation and unsettled weather in the summer.

With regard to the global economy, the US continued to gradually improve despite some weak economic indicators, and a possibility of raising interest-rate by the end of the year has been pointed out. As for the future outlook, there are some uncertain factors such as predictions for raising interest-rate, unstable oil prices and UK's leaving the EU, etc.

Factors above have led to the results shown below.

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

Consolidated net sales:	¥ 692,940 million	(3.7% decrease)
Consolidated operating income:	¥ 33,684 million	(18.4% increase)
Consolidated ordinary income:	¥ 12,825 million	(62.1% decrease)
Consolidated profit attributable to owners of parent:	¥ 8,301 million	(51.9% 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, recorded healthy in Southeast Asia.

○Functional Materials

Regarding domestic businesses, 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.
Regarding overseas businesses, sales volume of thermal paper decreased in North America but increased in South America and Asia. However, the yen-converted sales amount decreased relative to the previous year because of yen appreciation.

○Forest Resources and Environment Marketing

Regarding domestic businesses, sales of dissolving pulp increased from the previous year, as a result of strong sales mainly for export. In addition, sales amount of electric selling business increased, with a contribution of the start of commercial 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's products. However, sales amount decreased as a result of influences from fall in market as well as yen appreciation which reduces the yen-converted sales amount.

○Printing and Communications Media

Regarding domestic businesses, sales amount of newsprint decreased from the previous year as a result of reduced

Sales amount of printing and communication paper decreased due to a decreased demand as well as fall in market, etc.

Regarding overseas businesses, a steady increase in sales of Jiangsu Oji Paper's products 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	First Half / FY2016 Sep 30,2016
Assets		
Current assets		
Cash and deposits	43,968	44,817
Notes and accounts receivable - trade	285,954	281,644
Securities	7,486	7,398
Merchandise and finished goods	98,145	93,448
Work in process	18,921	21,048
Raw materials and supplies	80,109	76,056
Other	52,885	49,738
Allowance for doubtful accounts	(3,438)	(3,003)
Total current assets	584,033	571,148
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	210,163	206,269
Machinery, equipment and vehicles, net	414,754	370,449
Land	237,478	239,780
Other, net	275,081	248,079
Total property, plant and equipment	1,137,477	1,064,579
Intangible assets		
Goodwill	9,836	9,080
Other	13,167	12,785
Total intangible assets	23,004	21,866
Investments and other assets		
Investment securities	149,094	144,577
Other	42,932	41,207
Allowance for doubtful accounts	(1,620)	(1,606)
Total investments and other assets	190,405	184,178
Total non-current assets	1,350,887	1,270,624
Total assets	1,934,921	1,841,773

(Unit : Millions of yen)

	FY2015 Mar 31,2016	First Half / FY2016 Sep 30,2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	198,167	196,113
Short-term loans payable	178,157	170,201
Commercial papers	27,000	25,000
Current portion of bonds	20,020	40,000
Income taxes payable	7,354	6,953
Provision	3,553	3,467
Other	81,825	77,229
Total current liabilities	516,079	518,966
Non-current liabilities		
Bonds payable	120,000	80,000
Long-term loans payable	432,556	422,332
Provision	6,854	6,718
Net defined benefit liability	52,207	53,302
Other	76,307	76,737
Total non-current liabilities	687,925	639,090
Total liabilities	1,204,005	1,158,057
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,857	112,756
Retained earnings	359,830	334,633
Treasury shares	(42,638)	(14,371)
Total shareholders' equity	533,930	536,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,316	26,008
Deferred gains or losses on hedges	(771)	(653)
Revaluation reserve for land	5,463	5,992
Foreign currency translation adjustment	41,369	2,444
Remeasurements of defined benefit plans	(11,833)	(10,743)
Total accumulated other comprehensive income	59,545	23,048
Subscription rights to shares	260	275
Non-controlling interests	137,179	123,493
Total net assets	730,915	683,715
Total liabilities and net assets	1,934,921	1,841,773

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Half / FY2015 Apr '15 - Sep '15	First Half / FY2016 Apr '16 - Sep '16
Net sales	719,197	692,940
Cost of sales	560,535	531,269
Gross profit	158,662	161,671
Selling, general and administrative expenses		
Freightage related expenses	71,314	69,740
Other	58,890	58,247
Total selling, general and administrative expenses	130,205	127,987
Operating income	28,456	33,684
Non-operating income		
Interest income	800	517
Dividend income	1,968	1,748
Foreign exchange gains	836	—
Share of profit of entities accounted for using equity method	7,013	910
Other	3,931	3,105
Total non-operating income	14,550	6,281
Non-operating expenses		
Interest expenses	5,595	3,570
Foreign exchange losses	—	20,375
Other	3,585	3,194
Total non-operating expenses	9,181	27,140
Ordinary income	33,825	12,825
Extraordinary income		
Gain on sales of non-current assets	102	6,452
Other	80	960
Total extraordinary income	183	7,413
Extraordinary losses		
Impairment loss	4,599	1,008
Loss on retirement of non-current assets	556	773
Other	1,389	981
Total extraordinary losses	6,545	2,764
Profit before income taxes	27,464	17,474
Income taxes - current	9,913	6,077
Income taxes - deferred	(2,344)	3,357
Total income taxes	7,569	9,435
Profit	19,894	8,039
Profit (loss) attributable to non-controlling interests	2,644	(262)
Profit attributable to owners of parent	17,250	8,301

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Half / FY2015 Apr '15 - Sep '15	First Half / FY2016 Apr '16 - Sep '16
Profit	19,894	8,039
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,780)	792
Deferred gains or losses on hedges	(878)	106
Revaluation reserve for land	9	—
Foreign currency translation adjustment	(15,808)	(58,112)
Remeasurements of defined benefit plans, net of tax	597	942
Share of other comprehensive income of entities accounted for using equity method	(922)	(533)
Total other comprehensive income	(19,782)	(56,805)
Comprehensive income	112	(48,765)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(176)	(30,510)
Comprehensive income attributable to non-controlling interests	288	(18,255)

Sales and Operating Profit by Segment

(Unit : Millions of yen)

1. First Half of FY2015 (April 1, 2015 – September 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	280,837	100,218	112,125	139,222	632,404	86,793	719,197	—	719,197
(2) Intra-group sales between segments or transfers	20,095	8,815	23,717	14,256	66,884	46,780	113,664	(113,664)	—
Total	300,932	109,034	135,842	153,478	699,288	133,573	832,862	(113,664)	719,197
Segment profit (or loss)	7,099	5,810	12,485	(1,162)	24,232	3,513	27,746	710	28,456

2. First Half of FY2016 (April 1, 2016 – September 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	281,087	94,644	102,233	131,976	609,943	82,997	692,940	—	692,940
(2) Intra-group sales between segments or transfers	20,727	8,485	25,428	13,514	68,155	47,734	115,890	(115,890)	—
Total	301,815	103,129	127,662	145,491	678,099	130,731	808,830	(115,890)	692,940
Segment profit (or loss)	9,415	7,405	10,388	1,755	28,964	4,372	33,336	347	33,684

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, engineering, trading business, logistics etc.