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Summary of Consolidated Financial and Business Results for the First Nine Months 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 Nine Months of the Year Ending March 31, 2017 (April 1, 2016 - December 31, 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 Nine Months of FY2016	1,050,856	(1.9)	53,759	8.3	36,575	(24.9)	24,299	(17.6)
First Nine Months of FY2015	1,071,212	8.8	49,651	55.1	48,710	41.0	29,481	60.8

Note: Comprehensive income First Nine Months of FY2016 (32,404) million yen
First Nine Months of FY2015 (12,465) million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2016	24.58	24.56
First Nine Months of FY2015	29.83	29.79

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Nine Months of FY2016	1,874,059	694,473	30.6	579.81
Year ended March 2016	1,934,921	730,915	30.7	600.34

Note: Shareholders' equity First Nine Months of FY2016 573,148 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 ··· 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

(i)	Changes due to accounting standard changes :	Yes
(ii)	Changes besides (i) :	None
(iii)	Accounting estimate change :	None
(iv)	Restatement :	None

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

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

First Nine Months of FY2016	1,014,381,817	FY2015	1,064,381,817

(ii) Outstanding balance of treasury shares at the end of each period

First Nine Months of FY2016	25,879,298	FY2015	75,807,429

(iii) Weighted average number of shares during the nine months ended December 30 of each year

First Nine Months of FY2016	988,558,435	First Nine Months of FY2015	988,293,210

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 Nine Months of FY2016

During the first nine months of FY 2016, the domestic economic condition showed a gradual recovery trend despite a temporal downward pressure of the weather in the summer; due to an improved consumer spending that was driven by the steady employment situations.

With regard to the global economy, the US continued to steadily recover, as its continually improving employment situations contributed to a strong consumer spending. In addition, European economy has also continued to gradually recover under its easing monetary environment.

Factors above have led to the results shown below.

Results for the first nine months of FY2016 (April 1, 2016 - December 31, 2016) are as follows.

Consolidated net sales:	¥ 1,050,856 million	(1.9% decrease)
Consolidated operating income:	¥ 53,759 million	(8.3% increase)
Consolidated ordinary income:	¥ 36,575 million	(24.9% decrease)
Consolidated profit attributable to owners of parent:	¥ 24,299 million	(17.6% decrease)

Sales overview is as follows.

○Household and Industrial Materials

Regarding domestic businesses, sales volume of containerboard increased relative to the previous year.

Sales volume of corrugated sheet and container was almost at the same level as the previous year.

As for household paper, sales volume of both tissue paper and toilet rolls increased. As for disposable diapers, sales volume of those for baby (pants-type) and adult increased while those for baby (tape-type) decreased.

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, sales volume 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.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.

○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 amount of lumber business increased from the previous year due to sales expansion and improved market condition at Pan Pac Forest Products Ltd. As for pulp business, sales volume 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 circulation.

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 Nine Months / FY2016 Dec 31,2016
Assets		
Current assets		
Cash and deposits	43,968	57,461
Notes and accounts receivable - trade	285,954	300,972
Securities	7,486	8,108
Merchandise and finished goods	98,145	92,868
Work in process	18,921	21,138
Raw materials and supplies	80,109	77,429
Other	52,885	44,453
Allowance for doubtful accounts	(3,438)	(1,707)
Total current assets	584,033	600,725
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	210,163	204,197
Machinery, equipment and vehicles, net	414,754	361,589
Land	237,478	238,094
Other, net	275,081	246,922
Total property, plant and equipment	1,137,477	1,050,802
Intangible assets		
Goodwill	9,836	9,023
Other	13,167	12,065
Total intangible assets	23,004	21,089
Investments and other assets		
Investment securities	149,094	158,859
Other	42,932	44,172
Allowance for doubtful accounts	(1,620)	(1,590)
Total investments and other assets	190,405	201,442
Total non-current assets	1,350,887	1,273,334
Total assets	1,934,921	1,874,059

(Unit : Millions of yen)

	FY2015 Mar 31,2016	First Nine Months / FY2016 Dec 31,2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	198,167	226,874
Short-term loans payable	178,157	190,713
Commercial papers	27,000	9,000
Current portion of bonds	20,020	40,000
Income taxes payable	7,354	8,150
Provision	3,553	3,588
Other	81,825	83,896
Total current liabilities	516,079	562,223
Non-current liabilities		
Bonds payable	120,000	80,000
Long-term loans payable	432,556	396,044
Provision	6,854	6,790
Net defined benefit liability	52,207	53,833
Other	76,307	80,694
Total non-current liabilities	687,925	617,363
Total liabilities	1,204,005	1,179,586
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,857	112,548
Retained earnings	359,830	345,747
Treasury shares	(42,638)	(14,392)
Total shareholders' equity	533,930	547,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,316	36,008
Deferred gains or losses on hedges	(771)	(800)
Revaluation reserve for land	5,463	5,921
Foreign currency translation adjustment	41,369	(5,750)
Remeasurements of defined benefit plans	(11,833)	(10,015)
Total accumulated other comprehensive income	59,545	25,363
Subscription rights to shares	260	275
Non-controlling interests	137,179	121,049
Total net assets	730,915	694,473
Total liabilities and net assets	1,934,921	1,874,059

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Nine Months / FY2015 Apr '15 - Dec '15	First Nine Months / FY2016 Apr '16 - Dec '16
Net sales	1,071,212	1,050,856
Cost of sales	828,648	804,799
Gross profit	242,564	246,056
Selling, general and administrative expenses		
Freightage related expenses	106,121	104,859
Other	86,790	87,437
Total selling, general and administrative expenses	192,912	192,297
Operating income	49,651	53,759
Non-operating income		
Interest income	1,101	788
Dividend income	2,897	2,737
Share of profit of entities accounted for using equity method	7,347	1,388
Other	4,890	3,476
Total non-operating income	16,237	8,391
Non-operating expenses		
Interest expenses	7,903	5,342
Foreign exchange losses	3,979	15,477
Other	5,296	4,755
Total non-operating expenses	17,178	25,575
Ordinary income	48,710	36,575
Extraordinary income		
Gain on sales of non-current assets	89	6,993
Other	8,406	2,003
Total extraordinary income	8,495	8,997
Extraordinary losses		
Impairment loss	4,515	1,973
Loss on retirement of non-current assets	1,246	1,279
Other	1,887	1,124
Total extraordinary losses	7,649	4,377
Profit before income taxes	49,556	41,195
Income taxes - current	15,215	9,243
Income taxes - deferred	187	7,787
Total income taxes	15,403	17,030
Profit	34,153	24,164
Profit (loss) attributable to non-controlling interests	4,671	(135)
Profit attributable to owners of parent	29,481	24,299

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Nine Months / FY2015 Apr '15 - Dec '15	First Nine Months / FY2016 Apr '16 - Dec '16
Profit	34,153	24,164
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,194)	10,444
Deferred gains or losses on hedges	(157)	(29)
Revaluation reserve for land	9	—
Foreign currency translation adjustment	(42,060)	(68,539)
Remeasurements of defined benefit plans, net of tax	1,004	1,672
Share of other comprehensive income of entities accounted for using equity method	(2,220)	(117)
Total other comprehensive income	(46,618)	(56,569)
Comprehensive income	(12,465)	(32,404)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(9,198)	(12,125)
Comprehensive income attributable to non-controlling interests	(3,266)	(20,279)

Sales and Operating Profit by Segment

(Unit : Millions of yen)

1. First Nine Months of FY2015 (April 1, 2015 – December 31, 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	420,289	145,048	167,335	210,081	942,753	128,458	1,071,212	–	1,071,212
(2) Intra-group sales between segments or transfers	30,607	13,533	33,595	21,840	99,577	70,394	169,971	(169,971)	–
Total	450,897	158,582	200,930	231,921	1,042,331	198,853	1,241,184	(169,971)	1,071,212
Segment profit (or loss)	13,055	8,953	21,507	(322)	43,194	5,396	48,590	1,061	49,651

2. First Nine Months of FY2016 (April 1, 2016 – December 31, 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	425,934	144,744	153,727	199,834	924,241	126,615	1,050,856	–	1,050,856
(2) Intra-group sales between segments or transfers	32,138	12,875	37,676	20,346	103,036	71,754	174,791	(174,791)	–
Total	458,073	157,620	191,403	220,181	1,027,277	198,369	1,225,647	(174,791)	1,050,856
Segment profit (or loss)	14,992	12,456	14,687	4,480	46,616	6,688	53,304	454	53,759

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.