

Summary of Consolidated Financial and Business Results for the First Quarter of the Year Ending March 2016

Oji Holdings Corporation

(Code No. 3861 Tokyo Stock Exchange)

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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, 2016 (April 1, 2015 - June 30, 2015)**(Unaudited)**

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to 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 FY2015	359,005	12.5	15,778	54.1	26,360	217.0	16,894	441.7
First Quarter of FY2014	319,075	0.2	10,240	(25.7)	8,316	(52.4)	3,118	(63.3)

Note: Comprehensive income 1Q of FY2015 6,601 million yen

1Q of FY2014 (6,538) million yen

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter of FY2015	17.10	17.08
First Quarter of FY2014	3.16	3.15

(2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Quarter of FY2015	2,168,361	802,629	30.4	666.56
Year ended March 2015	2,164,091	801,372	30.4	666.40

Note: Shareholders' equity 1Q of FY2015 658,700 million yen

FY2014 658,657 million yen

2. Dividend Conditions

(Basic Date)	Dividend per stock				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Yearly
FY2014	—	5.00	—	5.00	10.00
FY2015	—				
FY2015 (Forecast)		5.00	—	5.00	10.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2016 (April 1, 2015-March 31, 2016)

(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
1Q - 2Q	750,000	17.7	27,000	40.3	26,000	58.6	12,000	81.7	12.14
Yearly	1,530,000	13.6	70,000	49.9	65,000	22.7	34,000	96.0	34.40

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 stocks (common stock)

- ① Outstanding balance of issued stocks at the end of each period (Including treasury stocks)
1Q of FY2015 1,064,381,817 FY2014 1,064,381,817
- ② Outstanding balance of treasury stocks at the end of each period
1Q of FY2015 76,166,056 FY2014 75,999,709
- ③ Weighted average number of stocks during the three months ended June 30 of each year
FY2015 988,247,066 FY2014 988,530,227

- 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.

Qualitative Information Concerning Business Performance

Overview of the First Quarter of FY2015

During the first quarter of FY 2015, the domestic economic condition surrounding the Oji Group continued to show a moderate recovery trend as represented in the overall improving trend of corporate earnings owing to yen depreciation and low price of crude oil.

From a global view, there is a growing sense of uncertainty about the future economic climate which includes the movement of the US monetary policy, the prospect of Greek debt problem and slow down of Chinese economic growth, though the US kept a recovery trend.

Factors above have led to the results shown below.

Results for the first three months (April 1, 2015 - June 30, 2015) are as follows.

Consolidated net sales:	¥ 359,005 million (12.5 % increase)
Consolidated operating income:	¥ 15,778 million (54.1 % increase)
Consolidated ordinary income:	¥ 26,360 million (217.0 % increase)
Consolidated profit attributable to owners of parent	¥ 16,894 million (441.7 % increase)

Sales overview is as follows.

○Household and Industrial Materials

Total sales volume of containerboard decreased relative to the previous year in spite of an increase in export sales, because domestic sales for customers of processed food industry were sluggish.

Total sales volume of corrugated sheet and container increased because sales of those for customers of green grocery and beverage industries steadily performed.

As for household paper, sales volume of both tissue paper and toilet rolls increased. Sales volume of disposable diaper for baby drastically increased thanks to steadily performed sales of redesigned products. Sales volume of adult disposable diaper also 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, the main region of the Group's business operation.

In addition, Carter Holt Harvey Pulp & Paper Ltd., which was consolidated by acquisition in the third quarter of FY2014, contributed to the increase of the net sales.

○Functional Materials

Domestic sales of specialty paper decreased compared to the previous year as a result of withdrawals from some projects, despite efforts made for sales expansion through development of new products and customers. Domestic sales of thermal paper decreased due to customers' inventory adjustment.

As for overseas businesses, sales of thermal paper decreased in North America but increased in Europe and South America.

○Forest Resources and Environmental Marketing

Domestically, sales of pulp for rayon manufacturing increased from the previous year. In addition, sales of electricity generated from biomass boiler in Nichinan City, Miyazaki Prefecture started in the first quarter of FY2015. In Niseko Town, Hokkaido, sales of electricity increased thanks to the completion of refresh construction of a hydroelectric power plant.

Regarding overseas businesses, sales of pulp dramatically increased due to the start of commercial operation of pulp manufacturing facility at Jiangsu Oji Paper Co., Ltd. in January 2015 as well as the contribution of Carter Holt Harvey Pulp & Paper Ltd. which was consolidated by acquisition in the third quarter of FY2014.

○Printing and Communications Media

Sales of newsprint decreased relative to the previous year affected by a reduced circulation.

Although sales volume of printing and communication paper declined due to a decreased demand, sales amount decreased only slightly because of positive effects of price adjustments.

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2014 Mar 31,2015	1Q / FY2015 Jun 30,2015
Assets		
Current assets		
Cash and deposits	45,567	56,129
Notes and accounts receivable - trade	298,826	298,477
Securities	16,717	15,191
Merchandise and finished goods	98,996	104,897
Work in process	19,689	22,552
Raw materials and supplies	82,051	83,714
Other	48,516	44,203
Allowance for doubtful accounts	(1,973)	(2,222)
Total current assets	<u>608,392</u>	<u>622,943</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	230,297	228,315
Machinery, equipment and vehicles, net	501,020	491,013
Land	239,698	238,366
Other, net	299,452	289,826
Total property, plant and equipment	<u>1,270,469</u>	<u>1,247,521</u>
Intangible assets		
Goodwill	16,042	14,151
Other	16,085	15,048
Total intangible assets	<u>32,127</u>	<u>29,199</u>
Investments and other assets		
Investment securities	203,675	218,893
Other	50,659	50,887
Allowance for doubtful accounts	(1,232)	(1,083)
Total investments and other assets	<u>253,102</u>	<u>268,696</u>
Total noncurrent assets	<u>1,555,699</u>	<u>1,545,417</u>
Total assets	<u>2,164,091</u>	<u>2,168,361</u>

(Unit : Millions of yen)

	FY2014 Mar 31,2015	1Q / FY2015 Jun 30,2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	209,977	205,693
Short-term loans payable	319,720	325,970
Commercial papers	10,000	28,000
Current portion of bonds	20,055	20,055
Income taxes payable	6,262	5,171
Provision	16,185	16,359
Other	100,736	86,930
Total current liabilities	<u>682,938</u>	<u>688,180</u>
Non-current liabilities		
Bonds payable	140,020	140,000
Long-term loans payable	372,784	371,721
Provision	8,450	7,459
Net defined benefit liability	63,949	63,974
Other	94,576	94,395
Total non-current liabilities	<u>679,780</u>	<u>677,551</u>
Total liabilities	<u>1,362,719</u>	<u>1,365,731</u>
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,951	112,980
Retained earnings	354,828	366,404
Treasury shares	(42,748)	(42,856)
Total shareholders' equity	<u>528,912</u>	<u>540,409</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,213	58,309
Deferred gains or losses on hedges	(346)	(1,083)
Revaluation reserve for land	5,059	5,059
Foreign currency translation adjustment	76,457	60,218
Remeasurements of defined benefit plans	(4,638)	(4,212)
Total accumulated other comprehensive income	<u>129,744</u>	<u>118,290</u>
Subscription rights to shares	342	357
Non-controlling interests	142,372	143,571
Total net assets	<u>801,372</u>	<u>802,629</u>
Total liabilities and net assets	<u>2,164,091</u>	<u>2,168,361</u>

Consolidated quarterly statements of income

(Unit : Millions of yen)

	1Q / FY2014 Apr '14 - Jun '14	1Q / FY2015 Apr '15 - Jun '15
Net sales	319,075	359,005
Cost of sales	251,106	276,989
Gross profit	<u>67,968</u>	<u>82,016</u>
Selling, general and administrative expenses		
Freightage related expenses	30,363	35,634
Other	27,364	30,602
Total selling, general and administrative expenses	<u>57,727</u>	<u>66,237</u>
Operating income	<u>10,240</u>	<u>15,778</u>
Non-operating income		
Interest income	261	334
Dividend income	1,431	1,678
Foreign exchange gains	—	3,473
Share of profit of entities accounted for using equity	1,280	6,487
Other	2,374	3,507
Total non-operating income	<u>5,347</u>	<u>15,482</u>
Non-operating expenses		
Interest expenses	2,991	2,957
Foreign exchange losses	2,668	—
Other	1,610	1,943
Total non-operating expenses	<u>7,271</u>	<u>4,900</u>
Ordinary income	<u>8,316</u>	<u>26,360</u>
Extraordinary income		
Gain on sales of noncurrent assets	20	82
Gain on sales of investment securities	—	64
Total extraordinary income	<u>20</u>	<u>147</u>
Extraordinary losses		
Loss on retirement of non-current assets	272	246
Special retirement expenses	155	247
Business structure improvement expenses	—	160
Other	85	50
Total extraordinary losses	<u>512</u>	<u>706</u>
Income before income taxes and minority interests	<u>7,823</u>	<u>25,801</u>
Income taxes - current	2,529	4,871
Income taxes - deferred	1,754	664
Total income taxes	<u>4,283</u>	<u>5,536</u>
Profit	<u>3,540</u>	<u>20,265</u>
Profit attributable to non-controlling interests	421	3,370
Profit attributable to owners of parent	<u>3,118</u>	<u>16,894</u>

Consolidated quarterly statements of comprehensive income

	(Unit : Millions of yen)	
	1Q / FY2014	1Q / FY2015
	Apr '14 - Jun '14	Apr '15 - Jun '15
Profit	3,540	20,265
Other comprehensive income		
Valuation difference on available-for-sale securities	812	4,801
Deferred gains or losses on hedges	(423)	(736)
Foreign currency translation adjustment	(10,365)	(17,128)
Remeasurements of defined benefit plans, net of tax	375	419
Share of other comprehensive income of entities accounted for using equity method	(478)	(1,019)
Total other comprehensive income	<u>(10,079)</u>	<u>(13,663)</u>
Comprehensive income	<u>(6,538)</u>	<u>6,601</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,715)	5,441
Comprehensive income attributable to non-controlling	(1,823)	1,160

Sales and Operating Profit by Segment

(Unit : Millions of yen)

1. 1Q of FY2014 (April 1, 2014–June 30, 2014)

	Reporting Segment				Total	Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environmental Marketing	Printing and Communications Media					
Sales									
(1) Sales to outside customers	120,387	50,775	36,772	68,540	276,474	42,600	319,075	—	319,075
(2) Intra-group sales between segments or transfers	10,355	4,813	12,772	8,087	36,029	23,561	59,590	(59,590)	—
Total	130,743	55,588	49,544	76,627	312,504	66,162	378,666	(59,590)	319,075
Segment profit (or loss)	2,273	2,620	3,622	287	8,804	1,851	10,655	(415)	10,240

2. 1Q of FY2015 (April 1, 2015–June 30, 2015)

	Reporting Segment				Total	Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environmental Marketing	Printing and Communications Media					
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

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, unwoven cloth, etc.

Forest Resources and Environmental Marketing : Lumber, tree planting, pulp, renewable energy, procurement of raw material and fuel, cornstarch, etc.

Printing and Communications Media : Newsprint, printing and writing papers, business form paper, copy paper, stationery, etc.

Others : Real estate, machinery, trading business, logistics, insurance agency, etc.