[Notes]

(Significant matters providing the basis for the preparation of the consolidated financial statements)

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 42

The names of major consolidated subsidiaries are omitted.

Amapa Florestal e Celulose S.A., which was an unconsolidated subsidiary in the fiscal year ended March 31, 2016, has been consolidated effective from the fiscal year ended March 31, 2017, because the importance of the effects of its total assets, net sales, profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) on the Company's consolidated financial statements increased.

In the fiscal year ended March 31, 2017, the Company acquired all of the shares of Nippon Dynawave Packaging Co., which became a consolidated subsidiary. .

In the fiscal year ended March 31, 2017, the Company acquired all of the shares of Nippon Tokai Industrial Paper Supply Co., Ltd., which became a consolidated subsidiary.

(2) Names, etc., of major unconsolidated subsidiaries

Major unconsolidated subsidiary: Douoh Kouhatsu Ltd.

(Reason for exclusion from the scope of consolidation)

All unconsolidated subsidiaries are excluded from the scope of consolidation because the scale of their operations is small and their total amounts in terms of total assets, net sales, profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) do not have a significant effect on the Company's consolidated financial statements.

2. Application of the equity method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 0

(2) Number of affiliates accounted for by the equity method: 10

Lintec Corporation, Shin Tokai Paper Co., Ltd., North Pacific Paper Corporation, Daishowa-Marubeni International Ltd., Nippon Tokan Package Co., Ltd., Phoenix Pulp & Paper Public Company Limited and five other companies

Shin Tokai Paper Co., Ltd. has been included in the scope of affiliates accounted for by the equity method due to subscription of its shares through a third-party allotment in the fiscal year ended March 31, 2017.

In the fiscal year ended March 31, 2017, the Company sold all of the shares of North Pacific Paper Company, LLC it had held. Accordingly, North Pacific Paper Company, LLC has been excluded from the scope of the equity method.

(3) Unconsolidated subsidiaries (Douoh Kouhatsu Ltd. and 76 other companies) and affiliates (JPT LOGISTICS CO., LTD., and 28 other companies) not accounted for by the equity method are excluded from the scope of the equity method because their total amounts in terms of profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) are not significant, with insignificant effects on the Company's consolidated financial statements when excluded from the scope of the equity method.

(4) For the companies accounted for by the equity method that close their accounts at different dates than the consolidated settlement date, the financial statements as of their respective settlement dates are used for the preparation of the consolidated financial statements.

3. Accounting period of consolidated subsidiaries

The settlement date is December 31 for Paper Australia Pty. Ltd. and its seven subsidiaries, Daishowa North America Corporation, Nippon Paper Industries USA Co., Ltd., Jujo Thermal Oy, Siam Nippon Industrial Paper Co., Ltd., Nippon Dynawave Packaging Co., Amapa Florestal e Celulose S.A. and its subsidiary, and Nippon Paper Resources Australia Pty. Ltd.

In preparing the consolidated financial statements, the financial statements as of the said settlement date are used for these companies, with necessary adjustments being made for consolidation purposes with regard to material transactions between December 31 and the consolidated closing date.

4. Significant accounting policies

(1) Evaluation basis and methods for significant assets

①Securities

Other securities:

Securities with market quotations:

Carried at fair value at the end of the fiscal year

Unrealized gains or losses, net of the applicable income taxes, are included directly in net assets. Costs of securities sold are determined by the moving-average method.

Securities without market quotations:

Carried at cost by the moving-average method

② Derivatives

Fair value method

③ Inventories

Stated at cost, determined principally by the moving-average or periodic-average method. (The balance sheet amount is written down based on any decline in profitability.)

(2) Depreciation methods for significant assets

① Property, plant and equipment (excluding lease assets)

The declining-balance method is used, except that the straight-line method is employed for some assets of the Company and its consolidated subsidiaries.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998, and building fixtures and structures acquired on or after April 1, 2016, are depreciated by the straight-line method.

The useful lives of assets are principally as follows:

Buildings and structures:	10 to 50 years
Machinery and equipment:	7 to 15 years

② Intangible noncurrent assets (excluding lease assets)

The straight-line method is used.

Software for internal use is amortized over an estimated useful life of 5 years on a straight-line basis.

③ Lease assets

Depreciation of assets leased under finance-leasing agreements except those entailing transfer of ownership is calculated using the straight-line method assuming a residual value of zero (or the guaranteed residual value when it is set by the agreement) and a useful life equal to the term of the lease.

(3) Accounting policies for significant allowances and provisions

① Allowance for doubtful receivables

To provide for bad debt expenses of receivables, an allowance for the expected amount of irrecoverable loans is provided. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the likelihood of recovery is considered on an individual basis.

② Accrued environmental costs

To provide for expenditures for disposing of PCB waste in accordance with the Law Concerning Special Measures Against PCB Waste, an allowance for the estimated amount of disposal costs is provided.

(4) Accounting policies for retirement benefits

① Method for allocating projected retirement benefits

In calculating retirement benefit obligations, the benefit formula method is applied to allocate projected retirement benefits to the periods until the end of the fiscal year under review.

② Amortization of actuarial differences and prior service cost

Prior service cost is amortized evenly using the straight-line method over the determined years (5 to 15 years) that are no longer than the average remaining service years of the employees at the time of occurrence.

Actuarial differences are amortized evenly using the straight-line method over the determined years (10 to 15 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(Supplemental information)

The Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates, in which some consolidated subsidiaries participate, received permission from the Minister of Health, Labour and Welfare on April 1, 2016 for the transfer of the benefit obligation. In addition, the Fund was dissolved with permission of the Minister of Health, Labour and Welfare on March 29, 2017. As a result, the Company posted a gain on the transfer of benefit obligation of ¥6,944 million.

(5) Accounting policies for translation of significant foreign currency assets and liabilities into Japanese yen

Foreign currency monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of consolidated accounting, and the resulting translation gains and losses are recognized as income and expenses. Assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen at the spot exchange rates on the account closing date, whereas income and expenses are translated into Japanese yen at the average exchange rates. The resulting translation gains and losses are recorded as translation adjustments and non-controlling interests in consolidated subsidiaries under the net assets section.

(6) Significant hedge accounting methods

① Hedge accounting methods

Deferral hedge accounting is principally adopted.

Receivables and payables denominated in foreign currencies hedged by qualified forward foreign exchange contracts are translated at their corresponding contract rates.

The exceptional accounting method is adopted for the interest rate swap agreements that conform to the special regulated terms. The integral accounting method is adopted for interest rate swap agreements that meet the requirements for integral accounting.

② Hedging instruments and hedged items

a. Hedging instrument: Forward foreign exchange contracts
   Hedged items: Foreign currency receivables concerning the export of products, foreign currency payables concerning the import of raw materials and fuel, and forecast sales and purchases denominated in foreign currencies

b. Hedging instrument: Interest rate swaps
   Hedged items: Loans payable

c. Hedging instrument: Interest rate and currency swaps
   Hedged items: Foreign currency loans payable

d. Hedging instrument: Crude oil swaps
   Hedged items: Forecast fuel purchases

③ Hedging policy

The derivative transactions are designed to hedge against the risk of fluctuations primarily in exchange and interest rates and prices.

④ Method for assessing hedge effectiveness

Hedge effectiveness is assessed based on semiannual comparisons of changes in cash flow or the fair value of hedged items and hedging instruments.

Assessment of the effectiveness of interest rate swaps conforming to the special regulated terms and currency swaps that meet the requirements of integral accounting as of the balance sheet date is omitted.

Assessment of hedge effectiveness as of the balance sheet date is also omitted if forward foreign exchange contracts with the same amount denominated in U.S. dollars, etc., and the same timing are allocated when the contracts are concluded in accordance with the risk management policies, because they guarantee a correlation due to subsequent exchange rate movements.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over an appropriate period of within 20 years that is determined according to the actual situations of subsidiaries.

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(9) Other significant accounting policies for the preparation of the consolidated financial statements

Accounting method for the consumption tax

Transactions subject to the consumption tax are recorded at an amount exclusive of the consumption tax.

(Changes in accounting policies)

(Adoption of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)
In line with the revisions to the Corporation Tax Act of Japan, the Company applied the Practical Solution on a Change in Deprecation Method due to Tax Reform 2016 (Practical Issues Task Force [PITF] No. 32, June 17, 2016) from the fiscal year ended March 31, 2017. Accordingly, the depreciation method for auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The effect of this change on the consolidated financial statements for the fiscal year ended March 31, 2017 is minimal.

(Changes in presentation)

- Consolidated statements of operations

"Gain on sales of noncurrent assets" was included in "Other" under "Extraordinary income" in the prior fiscal year. For the fiscal year ended March 31, 2017, however, its materiality increased and it is therefore listed as a separate item. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2016 have been reclassified.

As a result, ¥803 million that had been presented in "Other" in "Extraordinary income" in the consolidated statement of operations for the prior fiscal year is reclassified as ¥461 million in "Gain on sales of noncurrent assets" and ¥342 million in "Other."

"Business restructuring expenses," which was listed as a separate item in "Extraordinary loss" in the fiscal year ended March 31, 2016, is included in "Other" in the fiscal year ended March 31, 2017 because the amount and materiality of this item has decreased. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2016 have been reclassified.

As a result, ¥3,701 million that had been presented in "Business restructuring expenses" in "Extraordinary loss" is reclassified as "Other."

- Consolidated statements of cash flows

"Net loss (gain) on sales of noncurrent assets" was included in "Other" under "Cash flows from operating activities" in the prior fiscal year. For the fiscal year ended March 31, 2017, however, the materiality of "Net loss (gain) on sales of noncurrent assets" increased and it is therefore separately listed. In addition, "Business restructuring expenses" was separately listed as an item in "Cash flows from operating activities" in the prior fiscal year. For the fiscal year ended March 31, 2017, however, the materiality of this item decreased and it is therefore included in "Other." To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2016 have been reclassified.

As a result, ¥3,701 million that had been presented in "Business restructuring expenses" and ¥(4,009) million that had been presented in "Other" in "Cash flows from operating activities" in the consolidated statements of cash flows for the prior fiscal year are reclassified into ¥(461) million as "Net loss (gain) on sales of noncurrent assets" and ¥153 million as "Other."

(Additional information)

(Adoption of the Revised Implementation Guideance on Recoverability of Deferred Tax Assets)

The Company applied the Revised Implementation Guideance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan [ASBJ] Guidance No. 26, March 28, 2016) from the fiscal year ended March 31, 2017.

(Adoption of the Consolidated Taxation System)

During the fiscal year ended March 31, 2017, the Company and some of the consolidated subsidiaries filed an application to adopt the consolidated taxation system, and this system will be adopted from the consolidated fical year ending March 31, 2018. Accordingly, from the fiscal year ended March 31, 2017, accounting treatment was made assuming the adoption of the consolidated taxation system in accordance with the Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1) (ASBJ Practical Issues Task Force [PITF] No. 5, January 16, 2015) and the Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2) (ASBJ PITF No. 7, January 16, 2015).

(Notes to Consolidated Balance Sheets)

1. Pledged assets

The following assets are pledged as collateral to secure the financial obligations shown below.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Buildings and structures	**—**	26
Machinery, equipment and vehicles	**32**	45
Land	**141**	233
Investment securities	**2,744**	2,318
Total	**2,918**	2,624

	As of March 31, 2017	As of March 31, 2016
Short-term loans payable	**440**	310
Long-term debt (including current portion)	**1,554**	1,621
Total	**1,994**	1,931

2. Accounts related to unconsolidated subsidiaries and affiliates

Major accounts related to unconsolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Investment securities (equity securities)	**111,109**	109,435
Other investments in unconsolidated subsidiaries and affiliates	**2,361**	1,858

3. Guarantee obligations

The Company group guarantees the following obligations, including loans payable to financial institutions, etc., of companies other than consolidated subsidiaries.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Nippon Paper Ishinomaki Energy Center Ltd.	**19,681**	8,801
Daishowa-Marubeni International Ltd.	**8,149**	8,749
Employees (housing loans)	**3,227**	4,000
Amapa Florestal e Celulose S.A. (Note)	**—**	16,008
Other	**1,726**	1,009
Total	**32,783**	38,568

Note: In the fiscal year ended March 31, 2017, the Company made Amapa Florestal e Celulose S.A. its consolidated subsidiary.

4. Loan commitment agreements (as lender)

The Company maintains loan commitment contracts with unconsolidated subsidiaries. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Amount of loan commitment contracts	**8,527**	8,017
Amount of lending	**7,203**	7,294
Net	**1,323**	722

5. Loan commitment agreements (as borrower)

For efficient procurement of working capital, the Company maintains loan commitment contracts with its banks. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Amount of loan commitment contracts	**50,000**	50,000
Amount of borrowing	**–**	–
Net	**50,000**	50,000

(Notes to Consolidated Statements of Operations)

1. The Company reduced the book value of inventory for which profitability had decreased as of March 31, 2016. Cost of sales includes the following loss on valuation of inventory.

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Gain (loss) on valuation of inventory	**(216)**	(164)

2. Research-and-development costs included in general and administrative expenses and manufacturing costs

(Millions of yen)

Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
5,622	5,555

3. Provision for retirement benefits included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
2,156	2,464

4. Depreciation expenses included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
1,809	2,379

5.Gain on sales of noncurrent assets

Fiscal year ended March 31, 2017

Consisted of a gain of ¥15,732 million on sales of land and other items.

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Fiscal year ended March 31, 2016

Consisted of a gain of ¥368 million on sales of land and other items.

6. Gain on transfer of benefit obligation relating to employees' pension fund

Fiscal year ended March 31, 2017

Gain on transfer of benefit obligation resulted from the transfer of benefit obligation relating to The Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates by consolidated subsidiaries of the Company.

7. Loss on business withdrawal

Fiscal year ended March 31, 2017

Loss on business withdrawal is a loss accompanying withdrawal from the printing and publishing paper business in North America. This mainly consists of loss on sale of the Company's equity interest in North Pacific Paper Company, LLC and loss expected to be incurred in connection with withdrawal from the business of Nippon Paper Industries USA Co., Ltd.

8. Loss on impairment of noncurrent assets

Fiscal year ended March 31, 2017

The Group recorded a loss on impairment of noncurrent assets of ¥10,924 million on the following assets.

(Millions of yen)

Location	Assets	Loss on impairment of noncurrent assets	Notes
Ichinoseki-shi, Iwate Prefecture, and others	Machinery and equipment	1,400	Business-use assets “Impairment loss” in Extraordinary loss
	Land	44	
	Subtotal	1,444	
Fuji-shi, Shizuoka Prefecture, and others	Buildings and structures	147	Idle assets “Impairment loss” in Extraordinary loss
	Land	1,588	
	Subtotal	1,736	
Soka-shi, Saitama Prefecture, and others	Machinery and equipment	323	Assets to be retired
	Other	33	
	Subtotal	357	

Fuji-shi, Shizuoka Prefecture	Buildings and structures	1	”Impairment loss” in Extraordinary loss
	Machinery and equipment	338	
	Other	0	
	Subtotal	340	
Kita-ku, Tokyo, and others	Buildings and structures	817	Assets to be disposed “Impairment loss” in Extraordinary loss
	Machinery and equipment	1	
	Other	0	
	Subtotal	819	
Iwakuni-shi, Yamaguchi Prefecture	Land	300	
	Subtotal	300	
Washington State, U.S.A.	Buildings and structures	1,363	Business-use assets “Loss on business withdrawal” in Extraordinary loss
	Machinery and equipment	4,195	
	Land	188	
	Other	178	
	Subtotal	5,926	
Total		10,924	

To test indicators of the impairment of noncurrent assets, the Group determines cash generating units mainly on a business basis for business-use assets and on an individual property basis for idle assets, assets to be retired and assets to be disposed.

Book value was written down to recoverable value for business-use assets for which profitability had deteriorated significantly, with the difference reported as “Impairment loss” and “Loss on business withdrawal” in “Extraordinary loss.”

The recoverable value of business-use assets was measured as the value in use, which was calculated by discounting future cash flows using a rate of 3.0% for the assets with expected future cash flows. For other assets, the book value is recorded as “Impairment loss” and “Loss on business withdrawal.”

The recoverable amounts of idle assets, assets to be retired and assets to be disposed were measured based on those assets’ net sale value or value in use.

The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

Fiscal year ended March 31, 2016

The Group recorded a loss on impairment of noncurrent assets of ¥10,433 million on the following assets.

(Millions of yen)

Location	Assets	Loss on impairment of noncurrent assets	Notes
Washington State, U.S.A.	Machinery and equipment	6,064	Business-use assets “Impairment loss” in Extraordinary loss
	Subtotal	6,064	
Eura, Finland	Buildings and structures	1,097	
	Machinery and equipment	1,921	
	Other	418	
	Subtotal	3,436	
Akita-shi, Akita Prefecture, and others	Buildings and structures	114	Idle assets, etc. “Impairment loss” in Extraordinary loss
	Machinery and equipment	113	
	Land	185	
	Other	11	
	Subtotal	424	
New South Wales State, Australia	Buildings and structures	32	Assets to be disposed ”Other” in Extraordinary loss
	Machinery and equipment	470	
	Other	4	
	Subtotal	507	
Total		10,433	

To test indicators of the impairment of noncurrent assets, the Group determines cash generating units mainly on a business basis for business-use assets and on an individual property basis for idle assets and assets to be disposed.

Book value was written down to recoverable value for business-use assets for which profitability had deteriorated significantly, with the difference reported as “Impairment loss” in “Extraordinary loss.”

The recoverable value of business-use assets was measured as the value in use, which was calculated by discounting future cash flows using a rate of 5.3% for the assets with expected future cash flows. For other assets, the book value is recorded as “Impairment loss”.

The recoverable amounts of idle assets and assets to be disposed were measured based on those assets' net sale value or value in use.

The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

9. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Machinery and equipment	**352**	684
Removal cost	**3,475**	1,138
Other	**263**	348
Total	**4,091**	2,172

(Notes to Consolidated Statements of Comprehensive Income)

Reclassification adjustments and income tax effects on components of other comprehensive income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net unrealized holding gain on other securities:		
Amount recognized during the year	**10,691**	12,422
Reclassification adjustments	**(7,669)**	(20,775)
Before income tax effect adjustment	**3,021**	(8,352)
Income tax effect	**149**	2,976
Net unrealized holding gain on other securities	**3,170**	(5,376)
Net deferred gain on hedges:		
Amount recognized during the year	**2,368**	(2,949)
Reclassification adjustments	**64**	68
Before income tax effect adjustment	**2,432**	(2,881)
Income tax effect	**(651)**	1,000
Net deferred gain (loss) on hedges	**1,781**	(1,880)
Translation adjustments:		
Amount recognized during the year	**1,516**	3,844
Reclassification adjustments	**—**	(8,523)
Translation adjustments	**1,516**	(4,679)
Remeasurements of defined benefit plans		
Amount recognized during the year	**8,395**	(25,758)
Reclassification adjustments	**2,072**	862
Before income tax effect adjustment	**10,468**	(24,896)
Income tax effect	**(3,673)**	7,782
Remeasurements of defined benefit plans, net of tax	**6,794**	(17,114)
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	**120**	(4,265)
Reclassification adjustments	**4,663**	(606)
Share of other comprehensive income of affiliates accounted for using the equity method	**4,783**	(4,871)
Total other comprehensive income	**18,047**	(33,922)

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2017

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2016	Increase	Decease	As of March 31, 2017
Common stock	116,254,892	—	—	116,254,892

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common stock	507,381.85	10,918.18	400.00	517,900.03

Reasons for the change:
The increase in treasury stock primarily resulted from the purchase of shares of less than one unit.
The decrease in treasury stock primarily resulted from the sale of shares of less than one unit.

3. Matters related to stock acquisition rights, etc.

None applicable.

4. Matters related to dividends

(1) Dividends paid

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	3,478	30	March 31, 2016	June 30, 2016
Meeting of Board of Directors held on November 2, 2016	Common stock	3,477	30	September 30, 2016	December 1, 2016

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2016, but for which the effective date comes after March 31, 2016

Date of resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2017	Common stock	Retained earnings	3,477	30	March 31, 2017	June 30, 2017

Fiscal year ended March 31, 2016

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock	116,254,892	—	—	116,254,892

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock	495,664.21	13,807.31	2,089.67	507,381.85

Reasons for the change:
The increase in treasury stock primarily resulted from the purchase of shares of less than one unit.
The decrease in treasury stock primarily resulted from the sale of shares of less than one unit and changes in the scope of the equity method.

3. Matters related to stock acquisition rights, etc.

None applicable.

4. Matters related to dividends

(1) Dividends paid

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	3,478	30	March 31, 2015	June 29, 2015
Meeting of Board of Directors held on November 5, 2015	Common stock	3,478	30	September 30, 2015	December 1, 2015

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2015, but for which the effective date comes after March 31, 2015

Date of resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	Retained earnings	3,478	30	March 31, 2016	June 30, 2016

(Notes to Consolidated Statement of Cash Flows)

1. Cash and cash equivalents at year-end are reconciled to the amounts reported in the consolidated balance sheets as follows.
(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Cash and deposits	**90,514**	112,510
Time deposits with original maturities of more than three months	**—**	—
Cash and cash equivalents	**90,514**	112,510

2. Principal assets and liabilities of the company that ceased to be a consolidated subsidiary due to the sales of shares

Fiscal year ended March 31, 2016
The following table represents principal assets and liabilities of Shikoku Coca-Cola Bottling Co., Ltd. and other four companies at the time of the sales of shares, the sales price of the share and revenue from the sale.

Current assets	7,496	million yen
Noncurrent assets	24,780	million yen
Current liabilities	(4,445)	million yen
Long-term liabilities	(522)	million yen
Non-controlling interests	(515)	million yen
Translation adjustments	(308)	million yen
Others	(281)	million yen
Loss on sales of shares	(16,510)	million yen
Sales price of shares	9,693	million yen
Cash and cash equivalents	417	million yen
Net revenue from the sale	10,111	million yen

3. Principal assets and liabilities pertaining to the acquisition of businesses in consideration for cash and cash equivalents
Fiscal year ended March 31, 2017
Assets and liabilities taken over by Nippon Dynawave Packaging Co., a consolidated subsidiary, business purchase price, and expenditures due to acquisition of businesses

Current assets	8,194	million yen
Noncurrent assets	27,451	million yen
Current liabilities	(3,260)	million yen
Long-term liabilities	(953)	million yen
Business purchase price	31,432	million yen
Expenditures due to acquisition of businesses	31,432	million yen

(Leases)

Operating lease transactions

As lessee:

Future minimum lease payments for noncancelable operating leases are summarized as follows.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Due within one year	**2,666**	2,664
Due after one year	**40**	2,690
Total	**2,706**	5,355

As lessor:

Future minimum lease income for noncancelable operating leases are summarized as follows.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Due within one year	**215**	241
Due after one year	**1,722**	1,938
Total	**1,938**	2,179

(Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

The Group has implemented a Cash Management System (CMS), which is controlled by the finance department of the Company, to manage funds within the Group. The Group manages temporary cash surpluses through low-risk financial assets.

The Group raises funds it requires through bank borrowings, commercial paper and bond issuances based on projected cash demand according to the Group's capital investment plans. The Group spreads out repayment dates so that it can secure long-term capital continually. Furthermore, the Group diversifies financing resources to maintain liquidity, raising short-term working capital through bank loans, commitment line contracts and liquidation of receivables and notes.

The Group adheres to a policy of using derivative transactions for the purpose of reducing interest rate fluctuation and foreign currency exchange risks, and it does not enter into speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to buyers. To hedge such risk, the due dates for all receivables and notes should be within one year. In addition, the Group is exposed to foreign currency exchange risk arising from receivables and notes denominated in foreign currencies. In principle, foreign currency exchange risk is hedged by forward foreign exchange contracts while the amounts of such receivables and notes are continually within that of liabilities denominated in foreign currencies.

Investments in securities mainly consist of shares of business partners and affiliates. The Group is exposed to market risk for listed securities.

Trade payables—trade notes and accounts payable—are due within one year. The payables denominated in foreign currencies are exposed to foreign currency exchange risk, which is hedged by foreign currency forward contracts.

The Group raises funds through short-term borrowings for working capital and raises funds through long-term debt and bonds mainly for capital investments. Some long-term debt bears variable interest rates and therefore is exposed to interest rate fluctuation risk. To reduce and fix interest expense for long-term debt bearing interest at variable rates, the Group utilizes interest rate swap and currency swap transactions as a hedging instrument on an individual basis.

Regarding derivatives, the Group enters into forward foreign contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies. The Group also enters into interest rate swap transactions to reduce fluctuation risk for interest payable for long-term debt bearing interest at variable rates. The Group also enters into currency swap transactions to reduce exchange and interest rate fluctuation risk for foreign currency-denominated loans payable, and crude oil swap transactions to reduce price fluctuation risk on certain fuel purchase transactions. For information regarding the method of hedge accounting, such as hedging instruments, hedged items, hedging policy and the assessment of the effectiveness of hedging activities, please refer to "Significant matters providing the basis for the preparation of the consolidated financial statements, 4. Significant accounting policies, (6) Significant hedge accounting methods."

(3) Risk management for financial instruments

① Monitoring of credit risk (the risk that buyers or counterparties may default)

The Group's marketing division and finance division have established a regular screening system to monitor the financial status of clients, which allows them to closely supervise transactions, in accordance with the credit management rules prepared by respective consolidated subsidiaries based on the "Group credit management policy." The two divisions give each other frequent and detailed reports on the status of credit collections on a daily basis to minimize risks. The divisions acquire information on clients in financial difficulty to protect related claims.

For all derivative transactions, the Group enters into transactions only with financial institutions that have a sound credit profile to minimize counterparty risk.

② Management of market risks (the risks arising from fluctuations in exchange rates, interest rates and other indicators)

To minimize the foreign exchange risk arising from trade receivables and payables denominated in foreign currencies, the Group identifies the risk deriving from future export and import transactions for each currency twice each year and enters into foreign currency forward contracts to hedge such risk.

The Group enters into interest rate swap transactions to minimize interest rate fluctuation risk for loans payable and bonds bearing interest at variable rates, and enters into currency swap transactions to minimize exchange and interest rate fluctuation risk for foreign currency denominated loans payable. The Group also regularly monitors the ratio of loans with fixed interest rates and ones with variable interest rates, and optimizes such ratio according to interest rate movements.

The Group uses crude oil swap transactions to reduce the risk of price fluctuations on certain fuel purchases.

As to investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group evaluates whether to continue to hold certain securities taking into account the relationship with the issuers.

③ Monitoring of liquidity risk (the risk that the Group might not be able to meet its obligations on scheduled due dates)

In the Group, to minimize liquidity risk, the finance department of the Company prepares a cash flow plan every half year, which is updated on monthly and daily bases.

The Group obtains funds in consideration of diversification of fund-raising schemes, lengthens loan periods and staggers maturities to minimize refinancing risk. In addition, to diminish liquidity risk, the Group enters into commitment line contracts and overdraft arrangements with financial institutions.

(4) Supplementary explanation of items relating to the fair values of financial instruments
The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Because various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. In addition, the contract amounts of derivatives provided in "Derivatives" are not necessarily indicative of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments
The book value of financial instruments on the consolidated balance sheets and their estimated fair value, as well as the difference between these values, are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2.)

As of March 31, 2017 (Millions of yen)

	Book value[1]	Fair value[1]	Difference
(1) Cash and deposits	90,514	90,514	–
(2) Notes and accounts receivable-trade	200,440	200,440	–
(3) Investments in securities			
Other securities	62,990	62,990	–
Stocks of subsidiaries and affiliates	44,499	53,798	9,298
Total Assets	398,445	407,744	9,298
(4) Notes and accounts payable-trade	128,926	128,926	–
(5) Short-term loans payable	262,391	263,080	689
(6) Long-term loans payable	354,353	365,378	11,024
Total liabilities	745,671	757,385	11,713
(7) Derivatives[1]	1,164	1,164	–

1. Net assets and liabilities arising from derivative transactions are presented on a net basis, whereas net liabilities in total are presented in parentheses.

As of March 31, 2016 (Millions of yen)

	Book value[1]	Fair value[1]	Difference
(1) Cash and deposits	112,510	112,510	—
(2) Notes and accounts receivable-trade	192,941	192,941	—
(3) Investments in securities			
Other securities	62,017	62,017	—
Stocks of subsidiaries and affiliates	41,001	45,773	4,771
Total Assets	408,470	413,242	4,771
(4) Notes and accounts payable-trade	113,354	113,354	—
(5) Short-term loans payable	243,366	244,091	724
(6) Long-term loans payable	385,725	402,217	16,492
Total liabilities	742,447	759,663	17,216
(7) Derivatives[1]	(1,268)	(1,268)	—

1. Net assets and liabilities arising from derivative transactions are presented on a net basis, whereas net liabilities in total are presented in parentheses.

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade

As these items are settled in a short period of time, the book value approximates the fair value.

(3) Investments in securities

The fair value of stocks is based on quoted market prices. For information on other securities, please refer to "Securities."

(4) Notes and accounts payable

Because these items are settled in a short period of time, their book value approximates the fair value.

(5) Short-term loans payable

Because these items are settled in a short period of time, their book value approximates the fair value. The fair value of the current portion of long-term debt is calculated by applying a discount rate determined based on the risk-free rate and the credit spread.

(6) Current portion of bonds, (7) Bonds

The fair value of bonds issued by the Company is based on the market prices.

(8) Long-term loans payable

The fair value of long-term loans payable is calculated by classifying the total amount of principal and interest by remaining period and discounting its future cash flow at a rate determined based on the risk-free rate, the credit spread and the remaining period. Long-term loans payable with variable interest rates are covered by interest rate swap transactions that meet exceptional accounting criteria and currency swaps that meet integral accounting criteria (see "Derivatives") and are accounted for together with the corresponding interest rate swaps and currency swaps. The fair value of such loans is calculated by discounting the total amount of principal and interest of the loans thus accounted for at a rate determined as stated above.

(9) Derivatives

Please refer to "Derivatives" on page 17.

2. Financial instruments for which it is extremely difficult to determine market value

(Millions of yen)

Classification	**As of March 31, 2017**	As of March 31, 2016
Unlisted equity securities	76,101	77,764

Because the fair values of these financial instruments are extremely difficult to determine, given that they do not have market prices, they are not included in "(3) Investments in securities."

3. Redemption schedule for receivables after the consolidated closing date

As of March 31, 2017 (Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	More than 10 years
Cash and deposits	90,428	—	—	—
Notes and accounts receivable-trade	200,440	—	—	—
Total	290,869	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

As of March 31, 2016 (Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	More than 10 years
Cash and deposits	112,413*	—	—	—
Notes and accounts receivable-trade	192,941	—	—	—
Total	305,354	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

4. Redemption schedule for long-term debt and other interest-bearing debt after the consolidated closing date

As of March 31, 2017 (Millions of yen)

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years
Short-term loans payable	200,359	—	—	—	—	—
Long-term loans payable	62,031	68,174	62,799	52,695	44,340	126,343
Total	262,391	68,174	62,799	52,695	44,340	126,343

As of March 31, 2016 (Millions of yen)

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years
Short-term loans payable	187,890	—	—	—	—	—
Long-term loans payable	55,476	60,386	67,724	63,369	54,151	140,093
Total	243,366	60,386	67,724	63,369	54,151	140,093

(Securities)

(1) Other securities

As of March 31, 2017 (Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost:			
Equity securities	45,437	14,310	31,126
Subtotal	45,437	14,310	31,126
Securities for which the book value does not exceed their cost:			
Equity securities	17,553	19,538	(1,985)
Subtotal	17,553	19,538	(1,985)
Total	62,990	33,848	29,141

Note: Because the fair value of unlisted equity securities as of March 31, 2017 (¥9,491 million on the consolidated balance sheet) is extremely difficult to determine, given that those securities do not have market prices, they are not included in “other securities” above.

As of March 31, 2016 (Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost:			
Equity securities	44,906	14,604	30,302
Subtotal	44,906	14,604	30,302
Securities for which the book value does not exceed their cost:			
Equity securities	17,110	21,366	(4,255)
Subtotal	17,110	21,366	(4,255)
Total	62,017	35,971	26,046

Note: Because the fair value of unlisted equity securities as of March 31, 2016 (¥9,330 million on the consolidated balance sheet) is extremely difficult to determine, given that those securities do not have market prices, they are not included in “other securities” above.

(2) Sales of other securities

Fiscal year ended March 31, 2017 (Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	9,794	7,671	(2)

Fiscal year ended March 31, 2016 (Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	50,920	20,486	—

Note: In the fiscal year ended March 31, 2016, the Company has terminated the business collaboration agreement with Lee & Man Paper Manufacturing Limited and directors seconded from the Company thereto have been resigned. Accordingly, Lee & Man Paper Manufacturing Limited ceased to be an affiliate of the Company and thereby the Company sold all of its shareholdings following the reclassification from Stocks of subsidiaries and affiliates to Other securities.

(3) Impairment of investments in securities

For the fiscal year ended March 31, 2017, the Company recorded a loss on impairment of noncurrent assets on the valuation of investments in securities in the amount of ¥148 million (securities for which fair values are extremely difficult to determine were included in the amount of ¥148 million). For the fiscal year ended March 31, 2016, the Company recorded a loss on impairment of noncurrent assets on the valuation of investments in securities in the amount of ¥28 million (securities for which fair values are extremely difficult to determine were included in the amount of ¥22 million).

Loss on impairment of noncurrent assets are recorded for all securities for which the fair values at year-end have declined by 50% or more, compared with their acquisition costs. The impairment of securities for which the rate of decline in fair value is between 30% and 50% depends on how significant the amount of the decline is, how the decline is recoverable and other factors.

(Derivatives)
1. Derivative instruments not subject to hedge accounting
(1) Currency-related transactions
None applicable.
(2) Interest-related transactions
As of March 31, 2017

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Interest rate swap transactions Pay/fixed and receive/floating	3,754	3,003	173	173

Notes:
1. Calculation method for the fair value
   The fair value is estimated based on prices provided by financial institutions.
2. Certain derivative transactions are treated as if hedge accounting was discontinued because they no longer met the criteriafor hedge accounting.

As of March 31, 2016
None applicable.

2. Derivative instruments subject to hedge accounting
(1) Currency-related transactions

As of March 31, 2017 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	13,235	4,974	589
	Others		620	–	8
	Buy				
	U.S. dollars	Notes and accounts payable-trade	6,540	–	563
	Others		1,094	–	(44)

Note: The fair value is estimated based on prices provided by financial institutions.

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Allocation method	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	120	–	
	Others		1	–	
	Buy				
	U.S. dollars	Notes and accounts payable-trade	811	–	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable—trade, notes and accounts payable—trade). The fair values of such transactions are included in those of the relevant hedged items. The fair value is estimated based on forward exchange rates.

As of March 31, 2016 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	10,817	5,124	424

	Buy U.S. dollars Others	Notes and accounts payable-trade	35,620 1,292	— —	(1,485) (31)

Note: The fair value is estimated based on prices provided by financial institutions.

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Allocation method	Foreign exchange forward contracts				
	Sell U.S. dollars	Accounts receivable-trade	6	—	
	Buy U.S. dollars Others	Notes and accounts payable-trade	1,895 0	— —	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable—trade, notes and accounts payable—trade). The fair values of such transactions are included in those of the relevant hedged items. The fair value is estimated based on forward exchange rates.

(2) Interest rate–related derivatives

As of March 31, 2017 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Interest rate swaps meeting specific criteria	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	85,200	72,200	

Note: Interest-rate swaps that qualify for hedge accounting and meet exceptional accounting criteria are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

As of March 31, 2016 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note 1)
Deferral hedge method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	3,376	2,813	(176)
Interest rate swaps meeting specific criteria	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	85,200	85,200	(Note 2)

Note: 1. Calculation method for the fair value
The fair value is estimated based on prices provided by financial institutions.
2. Interest-rate swaps that qualify for hedge accounting and meet exceptional accounting criteria are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

(3) Currency–related derivatives

As of March 31, 2017 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Currency swaps meeting integral accounting criteria	Currency swap transaction Pay/fixed and receive/floating Pay/JPY and receive/USD	Long-term loans payable	10,122	10,122	

Note: Currency swaps that qualify for hedge accounting and meet integral accounting criteria are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans

As of March 31, 2016 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Currency swaps meeting integral accounting criteria	Currency swap transaction Pay/fixed and receive/floating Pay/JPY and receive/USD	Long-term loans payable	10,122	10,122	

Note: Currency swaps that qualify for hedge accounting and meet integral accounting criteria are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

(4) Commodities-related derivatives

As of March 31, 2017 (Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Principle method	Commodity swaps Pay/fixed and receive/floating	Marine fuel	1,127	—	45

Note: The fair value is estimated based in prices provided by financial institutions.

As of March 31, 2016

None applicable.

(Retirement benefits)

1. Overview of retirement benefit plans

The Company and its consolidated subsidiaries adopt funded and unfunded types of defined-benefit plans and defined-contribution pension plans.

Defined-benefit corporate pension plans offer lump-sum or pension payments mainly according to the employee's salary and period of service.

Employee retirement benefit trusts are set up for some defined-benefit corporate pension plans. Lump-sum payment plans – which are basically unfunded, although the creation of retirement benefit trusts has resulted in some plans becoming funded – offer lump-sum payments as retirement benefits according to the employee's salary and period of service.

Defined-benefit corporate pension plans and lump-sum payment plans adopted by some consolidated subsidiaries use a simplified method to calculate net defined benefit liability and retirement benefit expenses.

The Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates ("the Fund"), in which some consolidated subsidiaries participate, obtained the approval of the Minister of Health, Labour and Welfare on April 1, 2016 for the transfer of the benefit obligation. The Fund was dissolved on March 29, 2017 with the permission of the Minister of Health, Labour and Welfare.

2. Defined-benefit pension plans

(1) Reconciliation between the beginning and ending balances of retirement benefit obligations (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Restated retirement benefit obligations at the beginning of year	**167,415**	161,250
Service cost	**3,174**	4,385
Interest cost	**1,266**	2,800
Actuarial difference generated	**176**	19,462
Past service costs generated	**(1,194)**	(3,293)
Retirement benefits paid	**(11,504)**	(14,126)
Transfer due to change from a simplified to the standard method	**—**	146
Increase or decrease due to change in the scope of consolidation	**829**	(2,830)
Decrease due to transfer of benefit obligation relating to employees' pension fund	**(7,374)**	—
Other	**(369)**	(380)
Retirement benefit obligations at end of year	**152,418**	167,415

(2) Reconciliation between the beginning and ending balances of plan assets (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Plan assets at the beginning of year	**129,637**	146,343
Expected return on plan assets	**3,213**	3,450
Actuarial difference generated	**6,893**	(9,621)
Contribution from employers	**1,560**	4,153
Retirement benefits paid	**(8,692)**	(11,364)
Transfer due to change from a simplified to the standard method	**—**	132
Increase or decrease due to change in the scope of consolidation	**—**	(2,886)
Other	**(432)**	(570)
Plan assets at the end of year	**132,179**	129,637

(3) Reconciliation between the beginning and ending balances of net defined benefit liability for plans using a simplified method

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net defined benefit liability at the beginning of year	**2,682**	1,603
Retirement benefit expenses	**647**	820
Retirement benefits paid	**(483)**	(277)
Contribution to plans	**(398)**	(432)

Transfer due to change from a simplified to the standard method	—	(14)
Effects of transfer to defined-contribution pension plans	—	983
Other	**65**	—
Net defined benefit liability at the end of year	**2,513**	2,682

(4) Reconciliation between the ending balances of retirement benefit obligations and plan assets and the net defined benefit liability and net defined benefit assets reported on the balance sheet

(Millions of yen)

	March 31, 2017	March 31, 2016
Retirement benefit obligations for funded plans	**154,723**	171,124
Plan assets	**(137,077)**	(134,290)
	17,646	36,834
Retirement benefit obligations for unfunded plans	**5,107**	3,625
Net asset or liability reported on the balance sheet	**22,753**	40,460
Net defined benefit liability	**24,371**	42,210
Net defined benefit asset	**(1,618)**	(1,750)
Net asset or liability reported on the balance sheet	**22,753**	40,460

Note: Plans using a simplified method are included.

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Service cost	**3,174**	4,385
Interest cost	**1,266**	2,800
Expected return on plan assets	**(3,213)**	(3,450)
Amortization of unrecognized actuarial difference	**2,748**	1,635
Amortization of unrecognized prior service cost	**(763)**	(605)
Retirement benefit expenses calculated by a simplified method	**647**	804
Retirement benefit expenses for defined benefit plans	**3,859**	5,569
Gain on return of substitutional portion of employees' pension fund (Note)	**(6,944)**	—

Note: Accounted for in extraordinary income.

(6) Reconciliation of retirement benefit obligations

Reconciliation of retirement benefit obligations consist of the following (before tax effect).

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Past service costs	**149**	2,687
Actuarial differences	**10,319**	(27,584)
Total	**10,469**	(24,896)

In the fiscal year ended March 31, 2017, past service costs and actuarial differences include reclassification adjustments due to the return of the substitutional portion of the employees' pension fund (¥(344) million in past service costs and ¥775 million in actuarial differences).

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans consist of the following (before tax effect).

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Unrecognized past service costs	**(5,936)**	(5,786)
Unrecognized net actuarial gains (losses)	**12,799**	23,119
Total	**6,863**	17,332

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets mainly consist of the following.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Stocks	49%	49%
Bonds	22%	26%
General account	11%	12%
Cash and deposits	10%	11%
Other	8%	2%
Total	100%	100%

Note: Total plan assets for the fiscal years ended March 31, 2016 and March 31, 2015 include securities contributed to the retirement benefit trust (16% and 19%) created for corporate pension plans, respectively.

② Method for determining the long-term expected return on plan assets

To determine the long-term expected return on plan assets, the current and expected portfolio of plan assets and the current and future expected long-term profitability of the various plan assets are considered.

(9) Assumptions used in actuarial calculations

Major assumptions used in actuarial calculations are as follows.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Discount rates	Mainly 0.5%	Mainly 0.5%
Long-term expected rates of return on plan assets	Mainly 2.0%	Mainly 2.0%

Note: Expected rate of salary increase is not presented because the Company and its consolidated subsidiaries do not generally use it in actuarial calculations for their retirement benefit plans.

3. Defined-contribution pension plans

The required amount of contribution to the defined-contribution pension plans (including Welfare Pension Fund Plans of multi-employer corporate pension fund plans, which are accounted for in the same way as defined-contribution pension plans) was ¥1,424 million for the fiscal year ended March 31, 2016 and ¥855 million for the fiscal year ended March 31, 2015.

(1) The latest funded status of multiemployer pension plans

Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates

(Millions of yen)

	March 31, 2016	March 31, 2015
Plan assets	—	18,677
Actuarial liability and minimum actuarial reserve	—	19,434
Net balance	—	(756)

(2) Ratio of number of participating employees of the Group over the total number of participants in the plans (as of March 31, 2015 and 2014)

(Millions of yen)

	March 31, 2016	March 31, 2015
Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates	—%	37.6%

(3) Additional information

The Employees' Pension Fund for Nippon Paper Subsidiaries and Affiliates has been dissolved. Therefore, figures for items (1) and (2) are not presented for March 31, 2017.

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Deferred tax assets:		
Accrued enterprise taxes	**546**	441
Accrued bonuses	**2,520**	2,496
Net defined benefit liability	**14,622**	20,310
Loss on impairment of noncurrent assets	**20,073**	18,203
Loss on valuation of investments securities	**859**	1,084
Unrealized profit eliminated in consolidation	**929**	1,036
Tax loss carryforwards	**37,613**	29,775
Loss on revaluation of land	**12,592**	12,711
Other	**8,787**	7,949
Gross deferred tax assets	**98,546**	94,010
Valuation allowance	**(62,359)**	(47,628)
Total deferred tax assets	**36,187**	46,381
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets	**(2,192)**	(2,199)
Reserve for special account for advanced depreciation	**(2,767)**	—
Unrealized holding gain (loss) on other securities	**(7,607)**	(7,712)
Gain on revaluation of land, etc.	**(31,594)**	(31,906)
Other	**(4,954)**	(3,385)
Total deferred tax liabilities	**(49,116)**	(45,203)
Net deferred tax assets	**(12,929)**	1,177

Note: Net deferred tax assets and liabilities as of March 31, 2016 and 2015, are reflected in the following accounts in the consolidated balance sheets.

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Current assets – deferred tax assets	**6,743**	9,324
Noncurrent assets – deferred tax assets	**2,217**	10,730
Long-term liabilities – deferred tax liabilities	**(21,889)**	(18,877)

2. Reconciliation of the effective tax rate and the statutory tax rate

	As of March 31, 2017	As of March 31, 2016
Statutory tax rate	**30.9%**	33.1%
(Adjustments)		
Entertainment expenses not qualifying for deduction	**1.4%**	6.9%
Dividend income excluded from gross revenue	**(0.8)%**	(3.6)%
Inhabitant tax per capita, etc.	**1.0%**	4.7%
Increase or decrease in valuation allowance	**31.3%**	(74.4)%
Amortization of goodwill	**2.8%**	14.7%
Equity in gain and loss of affiliates	**(6.3)%**	53.1%
Tax rate differences from foreign subsidiaries, etc.	**0.7%**	(77.4)%
Amendments to gain and loss from the sales of affiliates, etc.	**5.1%**	119.8%
Reduction of year-end deferred tax assets due to a tax rate change	**—**	(5.8)%
Other	**(0.1)%**	(16.1)%
Effective tax rate after adoption of tax-effect accounting	**66.0%**	55.0%

3. Amendments to deferred tax assets and deferred tax liabilities due to a change in the rate of corporation tax, etc.

The "Act for the Partial Revision of the Act for the Partial Revision of the Consumption Tax Act for the Fundamental Reform of the Taxation System to Achieve a Stable Source of Revenue for Social Security" (Act No. 85 of 2016) and the "Act for the Partial Revision of the Act for the Partial Revision of the Local Tax Act and Local Allocation Tax Act for the Fundamental Reform of the Taxation System to Achieve a Stable Source of Revenue for Social Security" (Act No. 86 of 2016) passed the Diet on November 18, 2016. Under these acts, the timing of the increase in the consumption tax rate to 10% was deferred from April 1, 2017 to October 1, 2019.

Accordingly, the implementation timing of abolishment of the special local corporation tax and accompanying restoration of the enterprise tax, amendment of the local corporation tax rate, and amendment of the corporation inhabitants tax-corporation levy rate was postponed from the fiscal years starting on or after April 1, 2017 to the fiscal years starting on or after October 1, 2019.

The statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities was not changed. However, as a reclassification of tax rates between national and local taxes will be required, the amount of deferred tax assets (the amount after deduction of deferred tax liabilities) decreased, and the adjustment for corporate income tax, etc. increased by the same amount. This change of tax rate has no material impact on the financial statements for the fiscal year ended March 31, 2017.

(Business combinations)

1 Business combination due to acquisition

Nippon Dynawave Packaging Co., a consolidated subsidiary of the Company, assumed the Liquid Packaging Board business (“the Business”) of Weyerhaeuser Company of the United States, in accordance with the transfer agreement with Weyerhaeuser Company on June 15, 2016.

(1) Outline of the business combination

① Name of counterpart
Weyerhaeuser Company

② Description of the acquired business
Production, processing and sale of base paper for paper containers of liquids, including soft drinks and milk, and base paper for cup containers, etc.

③ Main reason for the business combination
The Company is currently reallocating its management resources to growth areas based on 1) enhancing competitiveness of existing business, and 2) transforming the business structure, the key themes in its Fifth Medium-Term Business Plan (April 2015-March 2018). The Company is working to strengthen and expand the packaging business as one such promising business area.

This business acquisition was made because it enables the Company to establish an integrated production system from base paper to processing in its Paper-Pak business, and to provide further added value to customers as a total system supplier.

④ Effective date of business combination
August 30, 2016 (local time)

⑤ Legal structure of the business combination
Business acquisition for cash

⑥ Company name after the business combination
Nippon Dynawave Packaging Co.

⑦ Main reason for acquiring the company
It is a business acquisition for cash.

(2) Period of financial results of the acquired business included in the consolidated financial statements
September 1, 2016 to December 31, 2016

(3) Matters concerning calculation of acquisition cost

① Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	US$290,419 thousand
Acquisition cost		US$290,419 thousand

② Content and amount of significant expenses related to the acquisition

Legal research expenses, etc.	US$936 million

(4) Distribution of acquisition cost

① Amounts and major breakdown of acquired assets and assumed liabilities as of the business combination date

Current assets	US$75,714	thousand
Noncurrent assets	US$253,023	thousand
Total assets	US$328,737	thousand
Current liabilities	US$30,127	thousand
Long-term liabilities	US$8,812	thousand
Total liabilities	US$38,939	thousand

② Goodwill
US$621 thousand

③ Reason that goodwill arose
The goodwill is the expected future excess earnings as a result of business development.

④ Method and period of amortization
Straight-line basis over 10 years

(5) Estimated amount of impact on consolidated statements of operations for the fiscal year ended March 31, 2017 on the assumption that the business combination was completed on the first day of the consolidated fiscal year, and calculation method of the estimated amount

As this is a partial acquisition of the business, it is difficult to obtain a reasonable calculation of earnings and information on profit and loss for the acquired business in the period from the beginning of the fiscal year to the business combination date. Therefore, an estimation is not performed.

2 Business combination due to transaction under common control and business combination due to acquisition

On October 7, 2015, the Company executed a basic agreement with Tokushu Tokai Paper Co., Ltd. (hereinafter, “Tokushu Tokai Paper”) concerning their containerboard and sack & general purpose kraft paper business (hereinafter, “the Business”). The basic agreement covers the demerger of the manufacturing business at Shimada Mill of Tokushu Tokai Paper (hereinafter, “Shimada Mill”) and the Company’s investment in the new manufacturing company (hereinafter, “the New Manufacturing Company”) and the integration of their sales functions of the Business (hereinafter, the transactions stated above are collectively referred to as “the Business Alliance”). On April 25, 2016, the Company entered into an integration agreement specifying the terms and conditions related to the Business Alliance and a shareholders agreement agreeing on the joint operation of the New Manufacturing Company and the new sales company.

Before the commencement of the Business Alliance, on July 15, 2016, the Company established Nippon Tokai Industrial Paper Supply Co., Ltd. (hereinafter “NTI”) as a 100% owned subsidiary and acquired all 200 common shares issued. On October 1, 2016, the Company and Tokushu Tokai Paper transferred their rights and duties of their sales function on the Business to NTI through an absorption-type company split. NTI as transferee issued 129,800 shares and allocated 84,300 shares to the Company and 45,500 shares to Tokushu Tokai Paper. As a result, the Company and Tokushu Tokai Paper respectively owned 65% and 35% of the voting rights on NTI.

<Transaction under Common Control>

(1) Overview of the Transaction

① Business description
Sale of paper and paperboard

② Date combined
October 1, 2016

③ Legal structure of the business combination
Absorption-type company split with the Company being the split company and NTI being the transferee

④ Company name after the business combination
Nippon Tokai Industrial Paper Supply Co., Ltd. (which is the Company’s consolidated subsidiary)

⑤ Summary of the transaction including the purpose of the transaction
The Company and Tokushu Tokai Paper conducted this Business Alliance and integrated their sales functions in order to strengthen the cost and quality competitiveness of the Shimada Mill and to establish an efficient sales structure and improve service levels in the Business based on the spirit of equality.

(2) Implemented accounting methods
This is treated as a transaction under common control based on the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013)

(3) Acquisition cost of additional acquisition of shares of the subsidiary and breakdown by type of consideration

Consideration for acquisition	Inventories	¥4,309 million
	Other	¥85 million
Acquisition cost		¥4,395 million

<Business combination due to acquisition>

(1) Outline of the business combination

① Name of counterpart
Tokushu Tokai Paper Co., Ltd.

② Business description
Sale of paper and paperboard

③ Purpose of the business combination
The Company and Tokushu Tokai Paper conducted this Business Alliance and integrated their sales functions in order to strengthen the cost and quality competitiveness of the Shimada Mill and to establish an efficient sales structure and improve service levels in the Business.

④ Date combined
October 1, 2016

⑤ Legal structure of the business combination
Absorption-type company split with Tokushu Tokai Paper being the split company and NTI being the

successor.

⑥ Company name after the business combination
Nippon Tokai Industrial Paper Supply Co., Ltd. (which is the Company's consolidated subsidiary)

⑦ Reason why NTI acquired the shares
It was decided that NTI is appropriate as the one which acquired the shares considering the relative percentage of voting rights owned by shareholders.

(2) Period of results of the acquired business included in the consolidated financial statements
October 1, 2016 to March 31, 2017

(3) Calculation of the acquisition cost
① Acquisition cost of the acquired business and breakdown by type of consideration

Consideration for acquisition	Common stock of NTI	¥1,557 million
Acquisition cost		¥1,557 million

② Number of shares allotted and calculation method
NTI allotted 45,500 shares of common stock to Tokushu Tokai Paper as consideration for the acquisition. The method of calculating the consideration that NTI allotted was determined by taking various factors into consideration, including the amount equal to the fair market value of assets acquired through the absorption-type company split.

③ Description and amount of major expenses related to the acquisition
Legal research expenses, etc. ¥126 million

(4) Distribution of acquisition cost
① Amounts and major breakdown of assets acquired and liabilities assumed in the business combination

Current assets	¥1,557 million
Asset total	¥1,557 million

Amount, cause, amortization method and amortization period of goodwill that arose
② Goodwill and negative goodwill did not arise from the business combination.

(5) Estimated amount of impact on consolidated statements of operations for the fiscal year ended March 31, 2017 on the assumption that the business combination was completed on the first day of the consolidated fiscal year, and calculation method of the estimated amount
The impact on the consolidated statements of operations for the fiscal year ended March 31, 2017 on the assumption that the business combination was completed on the first day of the consolidated fiscal year is not provided because it is not material.

(Asset retirement obligations)
Due to its low significance, detailed information regarding asset retirement obligations is not provided, although the Group reports asset retirement obligations.

(Investment and rental property)
Due to its low significance, detailed information regarding investment and rental property is not provided, although the Group has rental property and idle land and buildings.

(Segments of an enterprise and related information)
[Segment information]
1. Overview of reportable segments
The reportable segments of the Company are defined as individual units, for which independent financial information is available and which are subject to regular review to evaluate their results and decide the allocation of management resources by the Board of Directors of the Company.
The Company recognizes its consolidated subsidiaries as the units that define its business segments because those are used as the main basis to evaluate results. The reportable segments are defined by integrating business segments that exhibit similarities in terms of economic characteristics, markets for products and services, or customers.

The principal products and services of each reportable segment are as follows.

Pulp and paper segment:
Manufacturing and marketing of paper, paperboard, household tissue, pulp and materials for paper making

Paper-related segment:
Manufacturing and marketing of processed paper goods and chemical products

Wood products and construction-related segment:
Stocking, manufacturing and marketing of lumber and building materials, as well as civil engineering and construction

2. Method used to calculate net sales, income or loss, assets and other items by reportable segments
Accounting methods applied for the reportable segments are the same as those described under "Significant matters providing the basis for the preparation of the consolidated financial statements."
Income for each reportable segment denotes operating income, and intersegment sales and transfers are based on market prices in general.

3. Net sales, income or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments				Other[1]	Total	Adjustment[2]	Consolidated
	Pulp and paper	Paper related	Wood products and construction related	Subtotal				
Net sales								
Sales to third parties	820,047	89,229	63,530	972,807	19,621	992,428	—	992,428
Intersegment sales and transfers	6,172	3,231	63,233	72,637	44,551	117,188	(117,188)	–
Total	826,220	92,460	126,764	1,045,444	64,172	1,109,617	(117,188)	992,428
Segment income	10,847	5,244	4,760	20,852	2,912	23,764	—	23,764
Segment assets	1,008,956	88,219	76,286	1,173,461	36,183	1,209,645	179,240	1,388,885
Other items:								
Depreciation	47,952	5,089	943	53,984	1,098	55,083	–	55,083
Amortization of goodwill	2,029	–	–	2,029	—	2,029	–	2,029
Increase in property, plant and equipment and intangible assets	41,736	6,229	1,061	49,027	2,262	51,289	–	51,289

Notes: 1. The "Other" category is a business segment that includes the businesses of transportation, leisure and other, and is not a reportable segment.
2. The segment assets adjustment of ¥179,240 million includes ¥(54,647) million of inter-segment eliminations for receivables and payables and ¥233,887 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of "cash and cash equivalents" for the management of surplus funds, "investments in securities" for long-term investment and "deferred tax assets," which are not allocatable to reportable segments.
3. Total segment income agrees with the operating income in the Consolidated Statements of Operations.

Fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments				Other[1]	Total	Adjustment[2]	Consolidated
	Pulp and paper	Paper related	Wood products and construction related					
Net sales								
Sales to third parties	827,560	88,912	62,155	978,627	28,469	1,007,097	—	1,007,097
Intersegment sales and transfers	3,946	3,626	62,288	69,861	45,258	115,120	(115,120)	—
Total	831,506	92,538	124,443	1,048,489	73,728	1,122,217	(115,120)	1,007,097
Segment income	13,840	2,661	3,639	20,141	2,481	22,623	—	22,623
Segment assets	989,443	81,598	63,356	1,134,398	35,050	1,169,449	221,469	1,390,918
Other items:								
Depreciation	49,352	5,707	846	55,905	1,766	57,672	—	57,672
Amortization of goodwill	2,068	—	—	2,068	3	2,071	—	2,071
Increase in property, plant and equipment and intangible assets	39,639	3,906	661	44,207	2,691	46,899	—	46,899

Notes: 1. The "Other" category is a business segment that includes the businesses of beverages, transportation, leisure and other, and is not a reportable segment. In the fiscal year ended March 31, 2016, Shikoku Coca-Cola Bottling Co., Ltd. has been excluded from the scope of consolidation due to the sale of all shares thereof by the Company.
2. The segment assets adjustment of ¥ 221,469 million includes ¥ (39,912) million of inter-segment eliminations for

receivables and payables and ¥ 261,381 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of "cash and cash equivalents" for the management of surplus funds, "investments in securities" for long-term investment and "deferred tax assets," which are not allocatable to reportable segments.

3. Total segment income agrees with the operating income in the Consolidated Statements of Operations.

[Related information]

Fiscal year ended March 31, 2017

1. Information by product and service

Information by product and service approximates the information provided in “Segment information” and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
850,442	44,360	54,970	19,509	23,145	992,428

Note: Net sales information is based on the geographical location of customers and categorized by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
592,869	46,440	5,840	26,223	15,439	686,813

3. Information by customer

Information by customer is omitted because no single external customer accounts for more than 10% of net sales in the consolidated statement of operations.

Fiscal year ended March 31, 2016

1. Information by product and service

Information by product and service approximates the information provided in “Segment information” and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
868,150	46,833	46,053	27,660	18,400	1,007,097

Note: Net sales information is based on the geographical location of customers and categorized by country or region.

(2) Property, plant and equipment

Information by geographical area on property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the entire amount of property, plant and equipment recorded in the consolidated balance sheet.

3. Information by customer

Information by customer is omitted because no single external customer accounts for more than 10% of net sales in the consolidated statement of operations.

[Loss on impairment of noncurrent assets by reportable segment]

Fiscal year ended March 31, 2017

(Millions of yen)

	Pulp and paper	Paper related	Wood products and construction related	Other	Total	Adjustment	Consolidated
Loss on impairment of fixed assets	10,430	477	16	—	10,924	—	10,924

Note: A loss on impairment recorded in connection with the sale of a business of a U.S. consolidated subsidiary is included in “Loss on business withdrawal” in Extraordinary loss.

Fiscal year ended March 31, 2016

(Millions of yen)

	Pulp and paper	Paper related	Wood products and construction related	Other	Total	Adjustment	Consolidated
Loss on impairment of noncurrent assets	10,263	165	4	—	10,433	—	10,433

Note: Impairment loss recorded accompanying with the mill closure at a consolidated subsidiary in Australia is included in “Other” in Extraordinary loss.

[Amortization of goodwill and balance of unamortized goodwill by reportable segment]

Fiscal year ended March 31, 2017

(Millions of yen)

	Pulp and paper	Paper related	Wood products and construction related	Other		Adjustment	Total
Amortization of goodwill	2,029	—	—	—	2,029	—	2,029
Balance of unamortized goodwill at year-end	7,727	—	—	—	7,727	—	7,727

Fiscal year ended March 31, 2016

(Millions of yen)

	Pulp and paper	Paper related	Wood products and construction related	Other	Total	Adjustment	Total
Amortization of goodwill	2,068	—	—	3	2,071	—	2,071
Balance of unamortized goodwill at year-end	9,747	—	—	—	9,747	—	9,747

Note: The amortization of goodwill and the balance of unamortized goodwill in the “Other” category relate to the beverages business.

[Gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2017

None applicable.

Fiscal year ended March 31, 2016

None applicable.

[Related party transactions]

1. Transactions with related parties
(1) Transactions of the Company with related parties

(a) The Company's parent company and principal shareholders, etc.

Fiscal year ended March 31, 2017
None applicable.

Fiscal year ended March 31, 2016
None applicable.

(b) The Company's unconsolidated subsidiaries and affiliates, etc.

Fiscal year ended March 31, 2017

Attribute	Unconsolidated subsidiary
Name of related party	Nippon Paper Ishinomaki Energy Center Ltd.
Location	Ishinomaki City, Miyagi Prefecture
Capital	¥3,350 million
Nature of operations	Operation, maintenance and management of electric power generation facility and wholesale supply and sale of electricity
Equity ownership percentage	Directly 70.0%
Description of the business relationship	Guarantee for debt
Nature of transactions	Guarantee for debt
Transaction amount	¥19,681 million
Accounts	—
Balance at year-end	—

Note: Guarantee for bank loan, for which the Company receives a guarantee fee.

Fiscal year ended March 31, 2016

Attribute	Unconsolidated subsidiary
Name of related party	Amapa Florestal e Celulose S.A.
Location	State of Amapá, Brazil
Capital	BRL 353,144 thousand
Nature of operations	Afforestation and export of wood chips and biomass fuels
Equity ownership percentage	Directly 100.0%
Description of the business relationship	Sales of materials to the Company
Nature of transactions	Guarantee for debt
Transaction amount	¥16,008 million
Accounts	—
Balance at year-end	—

Note: Guarantee for bank loan, for which the Company receives a guarantee fee.

(c) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

Fiscal year ended March 31, 2017
None applicable.

Fiscal year ended March 31, 2016
None applicable.

(2) Transactions of the Company's consolidated subsidiaries with related parties
None applicable.

2. Information on the parent company and significant affiliates
(1) Information on the parent company
None applicable.

(2) Financial statements of significant affiliates

Fiscal year ended March 31, 2017:
Significant affiliates in the fiscal year ended March 31, 2017 are Lintec Corporation and Daishowa-Marubeni International Ltd.. Summarized aggregate financial statement data of the two companies are as follows.

	(Millions of yen)
Total current assets	113,329
Total noncurrent assets	178,533
Total current liabilities	72,053
Total long-term liabilities	64,594
Total net assets	155,215
Net sales	202,542
Profit before income taxes	16,914
Profit	14,087

Fiscal year ended March 31, 2016:
Significant affiliates in the fiscal year ended March 31, 2016 are Lintec Corporation and Daishowa-Marubeni International Ltd. Summarized aggregate financial statement data of the two companies are as follows.

	(Millions of yen)
Total current assets	129,529
Total noncurrent assets	133,747
Total current liabilities	69,775
Total long-term liabilities	49,389
Total net assets	144,111
Net sales	210,942
Profit before income taxes	13,938
Profit	9,586

(Per share information)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net assets per share	**¥3,714.63**	¥3,645.87
Profit (loss) per share	**¥72.57**	¥20.95

Notes: 1. Diluted profit per share is not stated because no potentially dilutive securities were outstanding.
2. The basis for calculation of profit per share is as follows.

(Millions of yen unless otherwise stated)

Item	**Fiscal year ended March 31, 2017**	Fiscal year ended March 31, 2016
Profit attributable to owners of parent	**8,399**	2,424
Profit attributable to owners of parent related to common shares	**8,399**	2,424
Weighted-average number of common shares outstanding	**115,742,808.36**	115,752,912.87

⑤ Consolidated supplemental schedules

[Schedule of bonds]

Company name[1]	Description	Date of issuance	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Interest rate (%)	Collateral	Maturity[2]
Nippon Paper Group, Inc.	8th unsecured corporate bonds	March 27, 2007	13,000	—	1.970	None	March 27, 2017
Nippon Paper Group, Inc.	9th unsecured corporate bonds	May 25, 2007	10,000	10,000 (10,000)	1.960	None	May 25, 2017
Nippon Paper Group, Inc.	10th unsecured corporate bonds	December 21, 2009	10,000	10,000	1.710	None	December 20, 2019
Nippon Paper Group, Inc.	11th unsecured corporate bonds	December 9, 2010	15,000	15,000	1.495	None	December 9, 2020
Nippon Paper Industries Co., Ltd.	12th unsecured corporate bonds	Jun 19, 2014	15,000	15,000	0.970	None	June 19, 2024
Nippon Paper Industries Co., Ltd.	13th unsecured corporate bonds	Jun 19, 2015	10,000	10,000	0.962	None	June 19, 2025
Total	–	–	73,000	60,000 (10,000)	–	–	–

Notes:

1. Nippon Paper Industries Co., Ltd. merged with Nippon Paper Group, Inc. on April 1, 2013 and was the surviving entity.
2. Figures in parentheses in “Ending balance” are amounts for current portion.
3. The redemption schedule of bonds for five years subsequent to March 31, 2017, is summarized as follows:

(Millions of yen)

Within 1 year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years
10,000	—	10,000	15,000	—

[Schedule of loans payable]

Category	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	187,890	200,359	0.488	–
Current portion of long-term loans payable	55,476	62,031	1.671	–
Current portion of lease obligations	689	619	—	–
Long-term loans payable (excluding current portion)	385,725	354,353	1.443	From 2018 to 2030
Lease obligations (excluding current portion)	1,049	1,140	—	From 2018 to 2024
Other interest-bearing debt (import usance bills)	1,108	856	1.553	–
Total	631,940	619,360	—	–

Notes: 1. "Average interest rate" mainly represents the weighted-average interest rate for the ending balance of loans payable.

2. The redemption schedule of long-term loans payable and lease obligations (excluding current portion) for the five years subsequent to March 31, 2017, is summarized as follows:

(Millions of yen)

Category	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years
Long-term loans payable	68,174	62,799	52,695	44,340
Lease obligations	426	312	198	114

3. "Average interest rate" for lease obligations is not shown because the amount of lease obligations is recorded in the consolidated balance sheet at an amount before the interest equivalent amount included in the entire lease fee is deducted.
4. Import usance bills are included in "Notes and accounts payable – trade" in the consolidated balance sheet.

[Schedule of asset retirement obligations]

The schedule of asset retirement obligations is not disclosed because the amounts of asset retirement obligations were not larger than 1% of total liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2017.

(2) Other

Quarterly information for the fiscal year ended March 31, 2017

(Millions of yen)

(Cumulative periods)	Three months ended June 30, 2016	Six months ended Sept. 30, 2016	Nine months ended Dec. 31, 2016	Fiscal year ended March 31, 2017
Net sales	235,255	475,069	726,735	992,428
Income before income taxes	6,609	1,574	919	22,784
Profit (loss) attributable to owners of parent	2,995	(3,871)	(6,287)	8,399
Net income (loss) per share (yen)	25.88	(33.44)	(54.32)	72.57

(Accounting periods)	Q1	Q2	Q3	Q4
Net income (loss) per share (yen)	25.88	(59.33)	(20.88)	126.90