

[Updated] Summary of Consolidated Financial and Business Results
for the Year Ended March 2014

Oji Holdings Corporation

(Code No. 3861 Tokyo Stock Exchange)

URL: <http://www.ojiholdings.co.jp/>

Representative:

Kiyotaka Shindo, President & Chief Executive Officer

Contact:

Yoshiaki Takeda, Executive Officer, Corporate Governance Division

Telephone:

03-3563-1111 +81-3-3563-1111(overseas)

General meeting of stockholders to be held:

June 27, 2014※

Statutory annual report to be presented:

June 27, 2014※

Start of dividend payout:

June 5, 2014※

※Expected dates

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

1. Results for the Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)**(Unaudited)**

(1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	1,332,510	7.3	57,290	31.7	65,176	44.9	31,618	46.2
FY2012	1,241,471	2.4	43,511	(19.1)	44,972	(7.0)	21,628	(2.5)

Note: Comprehensive income FY2013 107,690 million yen +57.3% FY2012 68,445 million yen +257.6%

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	32.01	31.98	5.9	3.5	4.3
FY2012	21.91	21.89	4.6	2.6	3.5

Note: Equity in earning of affiliates FY2013 1,028 million yen FY2012 1,228 million yen

(2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013	1,898,170	657,626	29.9	574.08
FY2012	1,820,999	571,389	27.5	507.33

Note: Shareholders' equity FY2013 567,511 million yen FY2012 500,918 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	109,316	(67,242)	(52,019)	52,173
FY2012	105,437	(76,211)	(20,724)	57,048

2. Dividend Conditions

(Basic date)	Dividend per stock					Total dividend (Yearly) Millions of yen	Dividend payout ratio (Consolidated) %	Dividend on net assets (Consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of FY	Yearly			
FY2012	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00	10,025	45.6	2.1
FY2013	-	5.00	-	5.00	10.00	9,962	31.2	1.9
FY2014 (Forecast)	-	5.00	-	5.00	10.00		35.3	

3. Consolidated Forecasts for the Year Ending March 2015 (April 1, 2014-March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	660,000	2.7	27,000	12.7	21,000	(26.9)	8,000	(45.7)	8.09
Yearly	1,360,000	2.1	70,000	22.2	60,000	(7.9)	28,000	(11.4)	28.32

Qualitative Information Concerning Business Performance

Overview of the year ended March 31, 2014

During FY2013, economic condition around Oji Group showed a good indication of domestic recovery thanks to a weak yen and an upswing in stock prices. From a global view, however, it remained uncertain in total because of economic slowdown in emerging countries, although economic condition remained steady in USA and it recovered in Europe.

Under these circumstances, we have implemented a variety of measures to promote the change of business structure, such as further expansion of overseas business (overseas sales ratio: 20.3 % (3.7 % increase)), enhancement of development and production capacity for functional materials such as industrial film and adhesive paper, reorganization of production system and increment of electric power business.

Results for the year ended March 2014 (April 1, 2013 - March 31, 2014) were as follows.

Consolidated net sales:	¥ 1,332,510 million (7.3 % increase)
Consolidated operating income:	¥ 57,290 million (31.7 % increase)
Consolidated ordinary income:	¥ 65,176 million (44.9 % increase)
Consolidated net income:	¥ 31,618 million (46.2 % increase)

Sales overview is as follows.

○Household and Industrial Materials

In domestic business, sales of containerboards and corrugated sheets increased due to rush demand ahead of consumption tax increase and firm movement of those for greengrocery.

Sales of white paperboards and packaging papers remained static.

Household paper sales decreased affected by price correction.

In overseas business, sales of containerboard increased in Southeast Asia which is the main area of our business development.

Sales of corrugated sheet and box has also increased mainly in those for beverage and processed food.

○Printing and Communications Media

Sales of newsprint decreased from the previous year because newspaper circulation declined slightly, although the number of days for publication increased.

As to printing and communication paper, although sales volume increased as the yen depreciation led to the decline of imported paper, sales amount remained static.

○Functional Materials

Domestic sales of specialty papers decreased because of sluggish demand for existing product lineup around those for printing, despite the effort to develop new customer and new product.

Exporting sales of specialty papers increased affected by expanded sales amount accompanied with newly opened productive facilities for electric industry.

Domestic sales of thermal paper increased.

In overseas business, sales of thermal paper recorded healthy in each region, namely North and South America, Europe and Asia.

○Forest Resources and Environmental Marketing

In domestic business, sales of pulp increased. Sales of lumber also increased thanks to recovery of demand.

In addition, we started solar power business at Shiranuka-cho (Hokkaido) in the second quarter of FY2013.

In overseas business, sales of pulp increased because the subsidiary in New Zealand started full-scale BCTMP production.

Moreover, the subsidiary in Brazil, which was turned into the consolidated subsidiary in the end of the first quarter of FY2012, contributed greatly to the sales increase. As to lumber, sales of the subsidiaries in New Zealand, China, and Southeast Asia increased.

Consolidated Balance Sheets

(Unit : Millions of yen)

	FY2012 Mar 31, 2013	FY2013 Mar 31, 2014
Assets		
Current assets		
Cash and deposits	50,621	45,575
Notes and accounts receivable-trade	269,137	278,897
Short-term investment securities	7,144	12,557
Merchandise and finished goods	84,877	87,096
Work in progress	17,655	19,330
Raw materials and supplies	60,554	65,798
Deferred tax assets	12,035	8,926
Short-term loans receivable	7,862	4,958
Accounts receivable-other	19,386	14,238
Other	9,294	12,090
Allowance for doubtful accounts	(3,071)	(2,264)
Total current assets	<u>535,499</u>	<u>547,205</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	203,363	210,393
Machinery, equipment and vehicles, net	375,841	382,696
Tools, furniture and fixtures, net	6,258	6,111
Land	236,091	235,063
Forests	90,367	106,029
Standing Timber	93,455	100,414
Lease assets, net	5,314	5,329
Construction in progress	69,918	92,091
Total property, plant and equipment	<u>1,080,611</u>	<u>1,138,129</u>
Intangible assets		
Leasehold right	1,620	1,735
Goodwill	14,806	14,430
Other	9,333	9,211
Total intangible assets	<u>25,760</u>	<u>25,377</u>
Investments and other assets		
Investment securities	150,076	153,380
Long-term loans receivable	2,029	1,980
Long-term prepaid expenses	14,937	17,645
Net defined benefit asset	—	534
Deferred tax assets	3,171	6,008
Other	10,934	9,348
Allowance for doubtful accounts	(2,022)	(1,441)
Total investments and other assets	<u>179,127</u>	<u>187,456</u>
Total noncurrent assets	<u>1,285,499</u>	<u>1,350,964</u>
Total assets	<u>1,820,999</u>	<u>1,898,170</u>

(Unit : Millions of yen)

	FY2012 Mar 31, 2013	FY2013 Mar 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	210,921	204,052
Short-term loans payable	307,841	184,362
Current portion of bonds	20,160	20,085
Accounts payable-other	20,107	13,558
Accrued expenses	46,032	43,950
Income taxes payable	5,371	7,948
Surcharge allowance	—	2,712
Other	17,692	19,258
Total current liabilities	<u>628,127</u>	<u>495,927</u>
Noncurrent liabilities		
Bonds payable	140,160	160,075
Long-term loans payable	362,943	434,007
Deferred tax liabilities	40,567	44,615
Deferred tax liabilities for land revaluation	9,554	9,161
Provision		
Provision for retirement benefits	53,232	—
Provision for directors' retirement benefits	1,580	1,623
Provision for environmental measures	1,723	1,754
Provision for loss on litigation	4,361	4,965
Net defined benefit liability	—	73,769
Long-term deposits received	2,646	9,294
Other	4,713	5,349
Total noncurrent liabilities	<u>621,483</u>	<u>744,616</u>
Total liabilities	<u>1,249,610</u>	<u>1,240,543</u>
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,930	112,965
Retained earnings	315,607	338,184
Treasury stock	(43,140)	(42,681)
Total shareholders' equity	<u>489,277</u>	<u>512,349</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,100	20,897
Deferred gains or losses on hedges	(252)	44
Revaluation reserve for land	4,875	4,214
Foreign currency translation adjustment	(9,083)	42,542
Remeasurements of defined benefit plans	—	(12,536)
Total accumulated other comprehensive income	<u>11,640</u>	<u>55,162</u>
Subscription rights to shares	235	290
Minority interests	70,235	89,825
Total net assets	<u>571,389</u>	<u>657,626</u>
Total liabilities and net assets	<u>1,820,999</u>	<u>1,898,170</u>

Consolidated Statements of Income

(Unit : Millions of yen)

	FY2012 Apr '12 - Mar '13	FY2013 Apr '13 - Mar '14
Net sales	1,241,471	1,332,510
Cost of sales	972,771	1,042,570
Gross profit	<u>268,700</u>	<u>289,940</u>
Selling, general and administrative expenses		
Freightage related expenses	119,730	123,643
Warehousing expenses	6,405	6,790
Employees' salaries	45,859	45,562
Retirement benefit expenses	5,908	4,320
Depreciation	4,252	4,314
Other	43,031	48,018
Total selling, general and administrative expenses	<u>225,188</u>	<u>232,649</u>
Operating income	<u>43,511</u>	<u>57,290</u>
Non-operating income		
Interest income	972	1,139
Dividends income	2,947	2,872
Equity in earnings of affiliates	1,228	1,028
Rent income	583	542
Foreign exchange gains	10,681	16,926
Other	4,307	3,851
Total non-operating income	<u>20,720</u>	<u>26,360</u>
Non-operating expenses		
Interest expenses	11,783	10,877
Loss on sublet of facilities	1,922	1,904
Other	5,553	5,692
Total non-operating expenses	<u>19,260</u>	<u>18,474</u>
Ordinary income	<u>44,972</u>	<u>65,176</u>
Extraordinary income		
Gain on sales of non-current assets	1,028	10,340
Gain on sales of investment securities	1,117	370
Gain on negative goodwill	410	—
Gain on extinguishment of tie-in shares	41	—
Total extraordinary income	<u>2,598</u>	<u>10,710</u>
Extraordinary loss		
Impairment loss	1,467	4,926
Business structure improvement expenses	1,253	4,694
Loss on retirement of non-current assets	3,104	2,759
Provision for surcharge allowance	—	2,712
Loss on partly abolishment of retirement benefit plan	8,820	—
Loss on subsidiary status change from equity method affiliate to consolidated subsidiary	858	—
Other	3,852	2,076
Total extraordinary losses	<u>19,356</u>	<u>17,168</u>
Income before income taxes and minority interests	<u>28,214</u>	<u>58,718</u>
Income taxes-current	12,133	19,033
Income taxes-deferred	(6,745)	2,776
Total income taxes	<u>5,387</u>	<u>21,810</u>
Income before minority interests	<u>22,826</u>	<u>36,908</u>
Minority interests in income	1,198	5,289
Net income	<u>21,628</u>	<u>31,618</u>

Consolidated Statements of Comprehensive Income

(Unit : Millions of yen)

	FY2012 Apr '12 - Mar '13	FY2013 Apr '13 - Mar '14
Income before minority interests	22,826	36,908
Other comprehensive income		
Valuation difference on available-for-sale securities	9,214	4,605
Deferred gains or losses on hedges	(475)	314
Foreign currency translation adjustment	26,530	63,988
Share of other comprehensive income of associates accounted for using equity method	10,348	1,874
Total other comprehensive income	<u>45,619</u>	<u>70,781</u>
Comprehensive income	<u>68,445</u>	<u>107,690</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	63,110	88,338
Comprehensive income attributable to minority interests	5,335	19,351

Consolidated Statements of Cash Flows

(Unit : Millions of yen)

	FY2012 Apr '12 - Mar '13	FY2013 Apr '13 - Mar '14
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	28,214	58,718
Depreciation and amortization	72,057	73,260
Impairment loss	1,467	4,926
Amortization of goodwill	2,073	2,822
Depletion of standing timber	12,916	12,358
Increase (decrease) in allowance for doubtful accounts	(991)	(1,351)
Increase (decrease) in provision for retirement benefits	9,790	—
Increase (decrease) in net retirement benefit liability	—	1,808
Interest and dividends income	(3,920)	(4,011)
Interest expenses	11,783	10,877
Foreign exchange losses (gains)	(10,496)	(14,190)
Equity in (earnings) losses of affiliates	(1,228)	(1,028)
Loss (gain) on sales of investment securities	(1,117)	(370)
Loss on retirement of non-current assets	3,104	2,759
Loss (gain) on sales of non-current assets	(696)	(10,340)
Business structure improvement expenses	1,253	4,694
Loss on subsidiary status change from equity method affiliate to consolidated subsidiary	858	—
Decrease (increase) in notes and accounts receivable-trade	4,901	(2,709)
Decrease (increase) in inventories	5,336	(3,783)
Increase (decrease) in notes and accounts payable-trade	(12,313)	(11,042)
Other, net	6,714	3,620
Subtotal	129,705	127,018
Interest and dividends income received	4,838	5,105
Interest expenses paid	(12,287)	(11,204)
Income taxes paid	(16,819)	(11,602)
Net cash provided by (used in) operating activities	105,437	109,316
Net cash provided by (used in) investing activities		
Purchase of securities	—	(5,235)
Purchase of property, plant and equipment and intangible assets	(65,781)	(80,539)
Proceeds from sales of property, plant and equipment and intangible assets	1,898	12,844
Purchase of investment securities	(1,935)	(2,945)
Proceeds from sales and redemption of investment securities	2,829	8,370
Purchase of investments in consolidated subsidiaries	(5,730)	(1)
Payments of loans receivable	(2,537)	(1,931)
Collection of loans receivable	2,221	3,046
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(6,329)	—
Other, net	(847)	(849)
Net cash provided by (used in) investing activities	(76,211)	(67,242)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(41,761)	(34,467)
Proceeds from long-term loans payable	161,674	117,970
Repayment of long-term loans payable	(168,793)	(149,985)
Proceeds from issuance of bonds	39,790	39,790
Redemption of bonds	(160)	(20,160)
Proceeds from long-term deposits received	—	7,000
Purchase of treasury stock	(36)	(129)
Cash dividends paid	(9,884)	(9,886)
Other, net	(1,553)	(2,151)
Net cash provided by (used in) financing activities	(20,724)	(52,019)
Effect of exchange rate change on cash and cash equivalents	1,752	4,535
Net increase (decrease) in cash and cash equivalents	10,253	(5,409)
Cash and cash equivalents at beginning of period	43,831	57,048
Increase in cash and cash equivalents resulting from merger	365	7
Increase in cash and cash equivalents from newly consolidated subsidiary	2,598	527
Cash and cash equivalents at end of period	57,048	52,173

Sales and Operating Income by Segment

(Unit : Millions of yen)

1. FY2012 (April 1, 2012–March 31, 2013)

	Reporting Segment				Total	Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Printing and Communications Media	Functional Materials	Forest Resources and Environmental Marketing					
Sales									
(1) Sales to outside customers	504,302	286,176	180,537	87,657	1,058,673	182,798	1,241,471	-	1,241,471
(2) Intra-group sales between segments or transfers	36,625	39,965	16,725	43,159	136,476	100,910	237,387	(237,387)	-
Total	540,928	326,142	197,262	130,817	1,195,150	283,708	1,478,859	(237,387)	1,241,471
Operating profit	27,285	(2,402)	10,212	1,292	36,388	6,353	42,742	769	43,511
Assets	582,568	439,440	215,731	369,550	1,607,290	357,444	1,964,735	(143,735)	1,820,999
Others									
(1) Depreciation	25,535	24,525	10,657	5,249	65,968	6,088	72,057	-	72,057
(2) Capital expenditure	25,894	8,631	12,071	18,559	65,155	4,956	70,112	-	70,112

2. FY2013 (April 1, 2013–March 31, 2014)

	Reporting Segment				Total	Others	Total	Adjustment	Consolidated Total
	Household and Industrial Materials	Printing and Communications Media	Functional Materials	Forest Resources and Environmental Marketing					
Sales									
(1) Sales to outside customers	511,586	283,769	199,355	139,262	1,133,972	198,537	1,332,510	-	1,332,510
(2) Intra-group sales between segments or transfers	40,475	31,698	19,433	49,346	140,955	104,072	245,027	(245,027)	-
Total	552,062	315,467	218,789	188,608	1,274,927	302,610	1,577,538	(245,027)	1,332,510
Operating profit	21,376	(2,650)	11,950	17,354	48,031	8,428	56,459	831	57,290
Assets	553,530	457,107	220,327	422,915	1,653,880	359,363	2,013,243	(115,073)	1,893,170
Others									
(1) Depreciation	25,052	23,491	11,296	7,974	67,814	5,445	73,260	-	73,260
(2) Capital expenditure	22,501	8,399	4,957	29,330	65,188	11,532	76,721	-	76,721

Household and Industrial Materials : Containerboard, boxboard, packaging paper, corrugated container, paper container, paper bag product, sanitary paper, paper diaper, etc.

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

Others : Real estate, machinery, trading business, logistics, cornstarch, stationery, plastic container, commercial printing, etc.