

Summary of Consolidated Financial and Business Results
for the First Quarter of the Year Ending March 2005

Oji Paper Co., Ltd.

Code No. 3861

(URL: <http://www.ojipaper.co.jp/>)

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1. Notes concerning the preparation of financial information for the first quarter

(1) Use of simplified accounting methods: Yes

- Corporate income taxes, etc., have been treated using a simplified method based on the statutory effective tax rate.
- Simplified procedures have been used in other areas, where the effect would be negligible.

(2) Changes in accounting policies compared with recent consolidated accounting periods: None

(3) Changes in the scope of consolidation equity method application: None

2. Summary of Consolidated Business and Financial Performance in the First Quarter of the Year Ending March 31, 2005 (April 1–June 30, 2004)**(1) Consolidated Business Results**

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2005	291,571	(0.8)	19,913	19.2	19,347	32.0	12,494	—
First Quarter of FY2004	293,823	—	16,704	—	14,658	—	—	—
Reference: Year ended March 2004	1,180,436		73,851		67,789		31,271	

	Net income per share	Diluted net income per share
First Quarter of FY2005	Yen 12.06	—
First Quarter of FY2004	—	—
Reference: Year ended March 2004	29.90	—

Note:

1. The percentage figures for net sales, operating income and ordinary income represent increases (decreases) relative to the first quarter of the previous year.
2. Since disclosure of items other than net sales, operating profit and ordinary profit began in the third quarter of the previous year, the results and year-on-year percentage increases (decreases) for these items in the first quarter of the previous year are not shown.

Qualitative Information Concerning Business Performance

The Japanese economy continued to recover in the first quarter of the year to March 2005. Evidence of this continuing improvement included growth in exports and capital investment and a rally in consumer spending. In the pulp and paper industry, firm demand trends were reflected in higher shipments.

Price maintenance remained a priority for the sales activities of the Oji Paper Group in this environment. Prompted in part by rising material and fuel prices, the Group also continued to implement powerful measures to reduce costs, including energy and resource conservation efforts.

Net sales amounted to ¥291,571 million, a decline of 0.8% compared with the same period in the previous year. Operating income was 32.0% higher at ¥19,347 million, and quarter net income reached ¥12,494 million.

The First Quarter Segment Results were as follows:

Pulp and Paper Products Division

In the area of printing and writing papers, sales of newsprint remained generally strong. Trends in printing paper sales were also firm, especially for use in flyers, catalogs and other commercial printing products. Price levels were similar to those in the previous year.

Sales of packaging paper followed a strong trend, and Oji Paper worked to achieve market acceptance for restored price levels.

There was a volume decline in sales of sanitary papers, and prices also weakened. This reflects escalating competition, as well as the impact of a new system introduced in April, which requires product prices to be shown inclusive of consumption tax.

In the paperboard category, containerboard sales showed moderate volume growth, reflecting strong demand for corrugated containers for electrical products and beverages.

Sales of white paperboard remained basically static in volume terms. Prices in these two areas were maintained at the levels to which they were restored in the fall of 2003.

Converted Paper Products

There was growth in sales of containerboard, especially to the beverage industry, and price adjustments gradually permeated through the market. However, prices still remain below their appropriate levels, and Oji Paper is making continued efforts to remedy this situation.

There was also volume growth in sales of disposable diapers, especially adult diapers. Prices generally remained static.

(2) Consolidated Financial Condition

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

	Total assets	Shareholders' equity	Shareholders' equity per total assets	Shareholders' equity per share
First Quarter of FY2005	Millions of yen 1,616,702	Millions of yen 478,527	% 29.6	yen 461.84
First Quarter of FY2004	—	—	—	—
Reference: Year ended March 2004	1,606,027	472,397	29.4	455.61

Note: Since disclosure of quarterly results began in the third quarter of the previous year, the results for the first quarter in the previous year are not shown.

3. Consolidated Forecasts for the Year Ending March 2005 (April 1, 2004–March 31, 2005)

Results are expected to be in line with the performance forecasts published on May 13, 2004, and those forecasts remain unchanged.

Reference: Forecasts Published on May 13, 2004

	Net sales	Ordinary profit	Net income
First Half of FY2005	Millions of yen 580,000	Millions of yen 36,000	Millions of yen 20,000
Full Year of FY2005	1,200,000	90,000	50,000

The above forecasts are based on forecasts of future economic conditions as of the date of publication. The actual results may differ from these forecasts due to various factors that may arise in the future.

(1) Summary of Consolidated Balance Sheet

Millions of yen

	Current First Quarter (June 30, 2004)	Previous Fiscal Year (March 31, 2004)
ASSETS		
Current Assets:	506,331	486,262
Cash and bank deposits	26,188	32,918
Accounts receivables-trade	289,670	266,979
Inventories	143,105	138,885
Other	47,366	47,479
Fixed Assets:	1,110,371	1,119,765
Property, plant and equipment	875,872	887,726
Intangible fixed assets	11,217	11,286
Investments and other assets	223,280	220,751
Total assets	1,616,702	1,606,027
LIABILITIES		
Current Liabilities:	604,945	604,944
Accounts payables-trade	178,245	176,670
Short-term bank loans	279,232	279,438
Commercial paper	79,000	76,000
Other	68,466	72,835
Non-Current Liabilities:	527,533	523,109
Debentures	140,000	140,000
Long-term bank loans	260,690	258,047
Other	126,842	125,061
Total liabilities	1,132,478	1,128,054
MINORITY INTERESTS		
Minority interests in consolidated subsidiaries	5,696	5,576
SHAREHOLDERS' EQUITY		
Common stock	103,880	103,880
Capital surplus	110,170	110,168
Retained earnings	243,211	237,208
Revaluation of land	6,466	6,466
Other valuation of securities	35,594	34,356
Foreign currency translation adjustment	(8,765)	(7,753)
Treasury stock	(12,030)	(11,929)
Total shareholders' equity	478,527	472,397
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,616,702	1,606,027

(2) Summary of Consolidated Statements of Income

Millions of yen

	Current First Quarter (April 1, 2004 to June 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
Net sales	291,571	1,180,436
Cost of sales	216,084	882,897
Gross profit	75,486	297,539
Selling, general and administrative expenses	55,573	223,687
Operating profit	19,913	73,851
Non-operating profit	2,647	8,544
Non-operating expenses	3,213	14,606
Ordinary profit	19,347	67,789
Extraordinary gains	129	8,311
Extraordinary losses	973	28,673
Income before income taxes.	18,503	47,427
Corporate tax, resident tax and enterprise tax	5,808	15,756
Minority interests in net profit (loss) of consolidated subsidiaries	(199)	(399)
Net income	12,494	31,271

(3) Segment Information

1. Segment information by business domain

Current first quarter period (April 1, 2004–June 30, 2004)

Millions of yen							
	Pulp and paper products	Converted paper products	Wood and tree-planting	Others	Total	Elimination or corporate	Consolidated total
I. Sales and operating profit (loss)							
(1) Sales to customers	174,007	86,380	11,810	19,372	291,571	—	291,571
(2) In-group sales between segments or transfers	12,883	1,213	6,457	26,579	47,085	(47,085)	—
Total	186,840	87,594	18,268	45,952	338,656	(47,085)	291,571
Operating expenses	172,535	83,951	18,076	44,178	318,743	(47,085)	271,571
Operating profit	14,305	3,643	191	1,773	19,913	—	19,913

Previous first quarter period (April 1, 2003–June 30, 2003)

Millions of yen							
	Pulp and paper products	Converted paper products	Wood and tree-planting	Others	Total	Elimination or corporate	Consolidated total
I. Sales and operating profit (loss)							
(1) Sales to customers	178,641	82,734	11,167	21,280	293,823	—	293,823
(2) In-group sales between segments or transfers	10,038	2,503	7,705	23,785	44,033	(44,033)	—
Total	188,679	85,238	18,873	45,065	337,857	(44,033)	293,823

Reference: Previous fiscal year (April 1, 2003–March 31, 2004)

Millions of yen							
	Pulp and paper products	Converted paper products	Wood and tree-planting	Others	Total	Elimination or corporate	Consolidated total
I. Sales and operating profit (loss)							
(1) Sales to customers	704,921	355,152	51,249	89,112	1,180,436	—	1,180,436
(2) In-group sales between segments or transfers	45,575	4,907	27,663	114,017	192,163	(192,163)	—
Total	750,496	340,059	78,913	203,129	1,372,599	(192,163)	1,180,436
Operating expenses	701,752	328,013	77,408	191,574	1,298,748	(192,163)	1,106,585
Operating profit	48,744	12,046	1,505	11,555	73,851	—	73,851

Notes:

- Segmentation is based on differences in production methods.
- The main products of each business segment are as follows.
 - Pulp and paper products: Newsprint, printing and writing papers, packaging papers, miscellaneous papers, carbonless papers, containerboard, boxboard, pulp, etc.
 - Converted paper products: Corrugated containers, paper containers, thermal papers, self-adhesive papers, disposable diapers, paper bag products, etc.
 - Wood and tree-planting: Timber, afforestation, landscaping
 - Other: Real estate, cornstarch, machinery, etc.
- Since disclosure of operating expenses and operating profit began in this first quarter, the results for the first quarter in the previous year are not shown.

2. Segment information by location

Location-based information has been omitted, since net sales in Japan account for over 90% of net sales in all business segments.

3. Overseas net sales

Total net sales in countries or regions outside of Japan account for less than 10% of consolidated sales and have therefore been omitted.