

**Summary of Consolidated Financial and Business Results
for the First Nine Months of the Year Ending March 2005**

Oji Paper Co., Ltd.

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1. Notes concerning the preparation of financial information for the first nine months

(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 Nine Months of the Year Ending March 31, 2005 (April 1, 2004–December 31, 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 Nine Months of FY2005	892,526	0.3	59,758	11.7	57,697	20.6	33,364	28.6
First Nine Months of FY2004	889,693	—	53,500	—	47,829	—	25,943	—
Reference: Year ended March 2004	1,180,436		73,851		67,789		31,271	

	Net income per share	Diluted net income per share
First Nine Months of FY2005	Yen 32.46	—
First Nine Months of FY2004	25.01	—
Reference: Year ended March 2004	29.90	—

Note:

1. The percentage figures for net sales, operating profit and ordinary profit represent increases (decreases) relative to the same period of the previous year.
2. Year-on-year increases (decreases) relative to the same period in the previous year are not shown, since disclosure of quarterly results began in the third quarter of the previous year.

Qualitative Information Concerning Business Performance

The Japanese economy remained on a recovery trend in the first three quarters, aided by growth in exports and capital investment. However, the growth of consumer spending slowed, and there was evidence of inventory corrections in IT-related sectors. Because of these factors, combined with higher crude oil prices, a rising yen and other uncertainties, the pace of recovery was gradual.

In the pulp and paper industry, demand was generally firm, and shipments increased. However, business conditions remained challenging because of rises in the prices of fuel and raw materials. The Oji Paper Group

worked to minimize expenses. Cost-cutting measures, including energy and resource conservation initiatives, were implemented intensively in all areas of activity.

Consolidated net sales in the first three quarters (April 1–December 31, 2004) amounted to ¥892,526 million, an increase of 0.3% over the result for the same period in the previous year. Consolidated operating profit increased by 20.6% to ¥57,697 million, and consolidated net income rose by 28.6% to ¥33,364 million.

The First Three Quarters Segment Results were as follows:

Pulp and Paper Products Division

In the area of printing and writing papers, sales of newsprint increased in volume terms. Trends in sales of printing paper were also firm, especially in the area of papers for commercial printing products, such as flyers and catalogs. Increased orders for new products also helped to boost sales volumes. The Oji Paper Group continued its efforts since the fall of 2004 to reverse declines in the market-driven prices of some products.

Sales of packaging paper followed a firm trend. Prices generally remained static.

In the area of sanitary papers, stagnating sales of tissue paper and toilet rolls returned to a growth trend in November. Worsening market conditions caused prices to fall.

In the paperboard category, containerboard sales marked time in terms of both volumes and prices, despite increased demand from beverage manufacturers and other industries because of high summer temperatures. Reasons for this include a slump in sales to fruit and vegetable packers due to the effects of typhoons during the summer and subsequent months.

Sales of boxboard remained close to the previous year's level in volume terms. Prices were maintained at the levels to which they were restored in the fall of 2003. There was a volume increase in sales of high-grade paperboard for use in commercial printing. Prices marked time at the previous year's level.

Consolidated net sales in this segment amounted to ¥528,387 million, a 0.9% decline compared with the same period in the previous year. Consolidated operating profit totaled ¥40,567 million.

Converted Paper Products

Sales of corrugated containers remained basically static in volume terms. Restored price levels, reflecting adjustments since 2003, permeated through the market.

Thermal paper sales were lower in both volume and value terms, reflecting reduced demand for fax paper and other uses.

Sales of disposable diapers, especially adult diapers, increased in volume terms. Prices remained static.

Consolidated net sales in this segment totaled ¥263,222 million, an increase of 3.2% compared with the result for the same period in the previous year. Consolidated operating profit reached ¥12,383 million.

Wood and Tree-Planting

Consolidated net sales in this segment increased by 4.6% compared with the same period in the previous year to ¥37,264 million. Contributing factors included increased orders for timber products. Consolidated operating profit amounted to ¥652 million.

Other Activities

Consolidated net sales from other activities amounted to ¥63,651 million, a decline of 3.1% compared with the same quarters in the previous year. Reasons for the lower figure included a fall in real estate subdivision sales.

(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 Nine Months of FY2005	Millions of yen 1,634,354	Millions of yen 479,259	% 29.3	yen 473.91
First Nine Months of FY2004	1,651,213	460,374	27.9	444.20
Reference: Year ended March 2004	1,606,027	472,397	29.4	455.61

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

The performance forecasts published on October 29, 2004 have been adjusted as shown below. These changes reflect a number of factors, including higher fuel and raw material prices, reduced sales of paperboard and corrugated containers as a result of typhoons and other weather-related problems, deteriorating market conditions in the area of sanitary papers, and the impact of exchange rate fluctuations on equity method companies.

	Net sales	Ordinary profit	Net income
Adjusted forecast	Millions of yen 1,190,000	Millions of yen 80,000	Millions of yen 44,000
Previous forecast (Published October 29, 2004)	1,194,000	86,000	48,000

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

	Previous First Nine Months (December 31, 2003)	Current First Nine Months (December 31, 2004)	Previous Fiscal Year (March 31, 2004)
ASSETS			
Current Assets:	526,364	526,214	486,262
Cash and bank deposits	32,461	35,287	32,918
Accounts receivables—trade	293,673	302,982	266,979
Inventories	147,060	136,775	138,885
Other	53,168	51,168	47,479
Fixed Assets:	1,124,848	1,108,139	1,119,765
Property, plant and equipment	899,105	873,255	887,726
Intangible fixed assets	10,982	11,042	11,286
Investments and other assets	214,760	223,842	220,751
Total assets	1,651,213	1,634,354	1,606,027
LIABILITIES			
Current Liabilities:	670,619	617,411	604,944
Accounts payables—trade	204,345	208,603	176,670
Short-term bank loans	291,679	217,854	279,438
Commercial paper	96,000	94,000	76,000
Current portion of debentures	-	20,000	-
Other	78,594	76,953	72,835
Non-Current Liabilities:	514,092	531,513	523,109
Debentures	140,000	160,000	140,000
Long-term bank loans	255,998	247,721	258,047
Other	118,094	123,791	125,061
Total liabilities	1,184,711	1,148,924	1,128,054
MINORITY INTERESTS			
Minority interests in consolidated subsidiaries	6,126	6,170	5,576
SHAREHOLDERS' EQUITY			
Common stock	103,880	103,880	103,880
Capital surplus	110,164	110,178	110,168
Retained earnings	233,904	258,029	237,208
Revaluation of land	4,443	6,466	6,466
Other valuation of securities	24,529	33,433	34,356
Foreign currency translation adjustment	(4,715)	(4,903)	(7,753)
Treasury stock	(11,833)	(27,826)	(11,929)
Total shareholders' equity	460,374	479,259	472,397
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,651,213	1,634,354	1,606,027

(2) Summary of Consolidated Statements of Income

Millions of yen

	Previous First Nine Months (April 1, 2003 to December 31, 2003)	Current First Nine Months (April 1, 2004 to December 31, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
Net sales	889,693	892,526	1,180,436
Cost of sales	665,942	662,490	882,897
Gross profit	223,751	230,035	297,539
Selling, general and administrative expenses	170,250	170,277	223,687
Operating profit	53,500	59,758	73,851
Non-operating profit	6,325	7,999	8,544
Non-operating expenses	11,996	10,061	14,606
Ordinary profit	47,829	57,697	67,789
Extraordinary gains	8,043	269	8,311
Extraordinary losses	16,012	7,982	28,673
Income before income taxes.	39,860	49,984	47,427
Corporate tax, resident tax and enterprise tax	13,643	16,155	15,756
Minority interests in net income (loss) of consolidated subsidiaries	(272)	(465)	(399)
Net income	25,943	33,364	31,271

(3) Segment Information

1. Segment information by business domain

First nine months of previous fiscal year (April 1, 2003–December 31, 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	533,277	255,105	35,638	65,672	889,693	—	889,693
(2) Intra-group sales between segments or transfers	34,255	3,955	21,109	83,434	142,755	(142,755)	—
Total	567,533	259,060	56,748	149,107	1,032,449	(142,755)	889,693

First nine months of current fiscal year (April 1, 2004–December 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	528,387	263,222	37,264	63,651	892,526	—	892,526
(2) Intra-group sales between segments or transfers	41,372	3,482	20,622	85,563	151,039	(151,039)	—
Total	569,759	266,704	57,887	149,214	1,043,566	(151,039)	892,526
Operating expenses	529,191	254,321	57,234	143,059	983,807	(151,039)	832,767
Operating profit	40,567	12,383	652	6,154	59,758	—	59,758

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:

1. Segmentation is based on differences in production methods.

2. The main products of each business segment are as follows.

Pulp and paper products: Newsprint, printing and writing papers, packaging papers, sanitary 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.

3. The figure of operating expenses and operating profit data of the same period in the previous year are not shown, because disclosure of quarterly data began at the first quarter of current fiscal year.

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.