

Preliminary Report on the Business Results for the Year Ended March 31, 2005 (Consolidated)

Oji Paper Co., Ltd.
Code No. 3861
(URL: <http://www.ojipaper.co.jp/>)

Stock Exchange Listings:

Headquarters Location:

Representative:

Contact:

Telephone:

Date of Board of Directors' Meeting

Application of U.S. accounting standard: N/A

First sections of Tokyo, Osaka and Nagoya Markets, plus Fukuoka and Sapporo Markets

Tokyo

Shoichiro Suzuki, President & Chief Executive Officer

Kazuhisa Shinoda, Corporate Officer, Corporate Administration Division

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April 28, 2005

1. Results for the Year Ended March 31, 2005 (April 1, 2004 – March 31, 2005)**(1) Consolidated Business Results**

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

Year ended	Net sales		Operating profit		Ordinary profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 2005	1,185,141	0.4	84,554	14.5	80,524	18.8
March 2004	1,180,436	(2.7)	73,851	30.7	67,789	41.4

Year ended	Net income		Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ordinary profit ratio
	Millions of Yen	%					
March 2005	43,349	38.6	42.06	-	9.0	5.0	6.8
March 2004	31,271	156.9	29.90	-	7.0	4.2	5.7

(Notes)

① Equity in earnings (loss) of affiliates by equity method: Year ended March 2005: 2,272 million yen

Year ended March 2004: 3,367 million yen

② Average number of outstanding shares during term: Year ended March 2005: 1,023,953,677 shares

Year ended March 2004: 1,037,178,581 shares

③ Change in accounting method: N/A

④ Figures shown in percent under Net sales, Operating profit, Ordinary profit and Net income are increase (decrease) ratios compared with previous year.

(2) Consolidated Financial Position

Year ended	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
March 2005	1,606,171	489,941	30.5	484.50
March 2004	1,606,027	472,397	29.4	455.61

(Note)

Number of outstanding shares issued at fiscal year end:

Year ended March 2005: 1,010,644,204 shares

Year ended March 2004: 1,036,272,354 shares

(3) Consolidated Cash Flows

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Millions of Yen
				Cash and cash equivalents at the end of year
March 2005	135,769	(67,949)	(55,438)	44,521
March 2004	102,620	(46,338)	(57,288)	32,609

(4) Scope of consolidation and equity method application

Number of consolidated subsidiaries: 65

Number of non-consolidated subsidiaries to which the equity method applies: None

Number of affiliated companies to which the equity method applies: 15

(5) Changes in scope of consolidation and equity method application

Consolidated subsidiaries added: 3, excluded: 2

Affiliates to which the equity method applies, added: None, excluded: None

2. Result Forecast for the Year Ending March 2006 (April 1, 2005 – March 31, 2006)

	Millions of Yen		
	Net sales	Ordinary profit	Net income
Interim	580,000	32,000	6,000
Full Year	1,238,000	85,000	38,500

(Reference) Projected net income per share (full year): ¥38.09

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

Reference: Business Results for the Year Ended March 31, 2005

◎ Consolidated Business Results

(¥100 million)

		Year to March 2005		Year to March 2006 (forecasts)	
			Year on year net increase (decrease)		Year on year net increase (decrease)
Net Sales	Pulp & paper products	6,979	(70)	6,890	(89)
	Converted paper products	3,418	66	4,040	622
	Wood and tree-planting	491	(21)	490	(1)
	Other activities	963	72	960	(3)
	Total	11,851	47	12,380	529
Operating profit		846	107	880	34
Ordinary profit		805	127	850	45
Extraordinary gain(loss)		(133)	71	(200)	(67)
Income taxes, etc		239	78	265	26
Net income		433	120	385	(48)
Exchange rate (¥/US\$)		107	(7)	105	(2)
Depreciation (¥100 million)		781	(59)	795	14
Capital expenditure (¥100 million)		745	153	1,150	405
			Year on year increase (decrease)		Year on year increase (decrease)
Employees at end of period		18,634	(783)	20,188	1,554
(Employees in Japan)		17,443	(799)	18,940	1,497

◎ Consolidated Financial Position

(¥100 million)

	March 31, 2005	
		Year on year increase (decrease)
Total assets	16,061	1
Shareholders' equity	4,899	175
Interest-bearing debt (including notes discounted)	7,279	(269)

◎ Consolidated Cash Flows

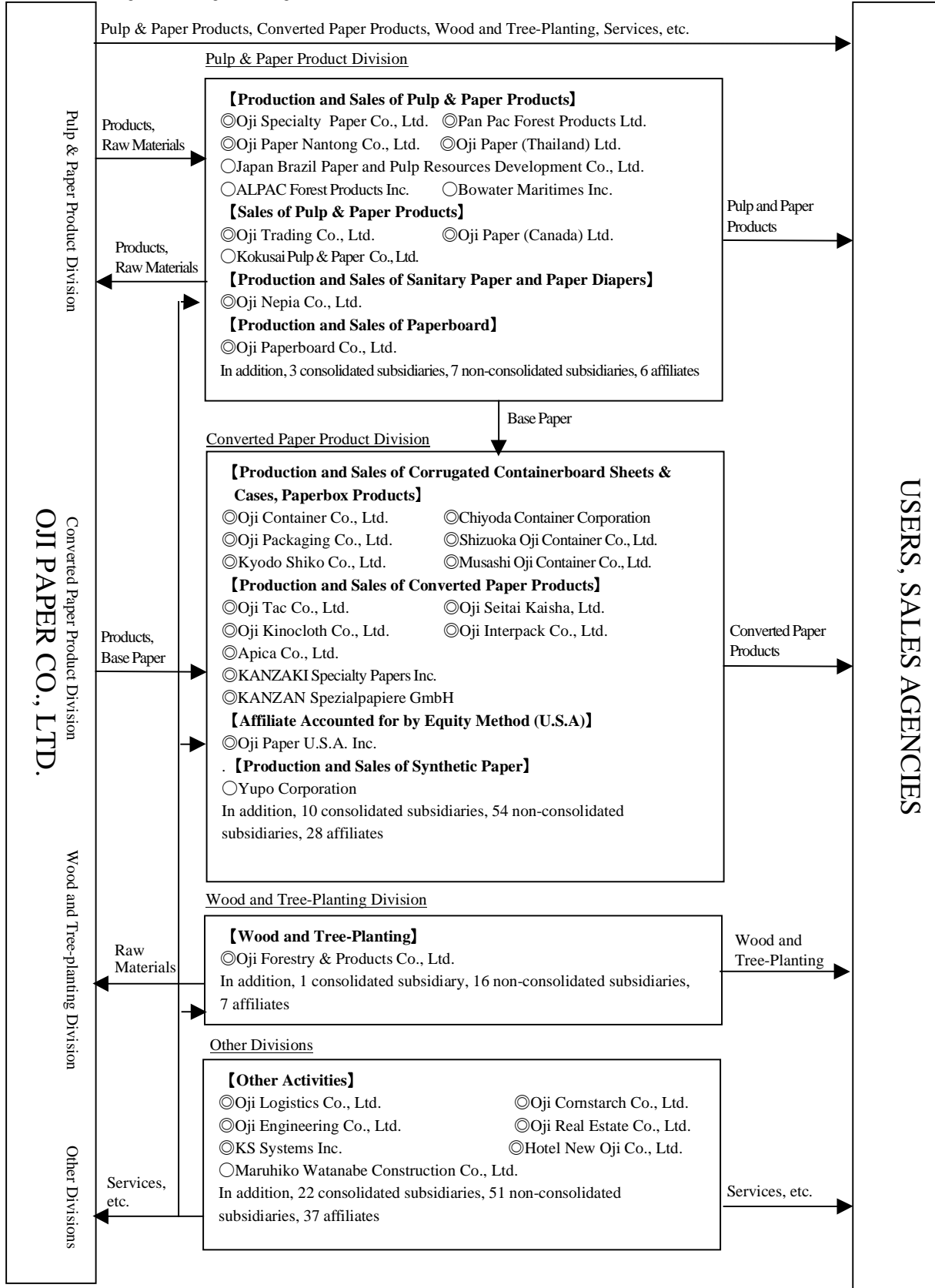
(¥100 million)

	Year to March 2005	
		Year on year increase (decrease)
Cash flows from operating activities	1,358	331
Cash flows from investing activities	(679)	(216)
Cash flows from financing activities	(554)	19

1. Profile of the Corporate Group

The Oji Paper Group consists of Oji Paper Co., Ltd. along with 193 subsidiaries and 84 affiliates. These companies are active in a wide range of business fields, including pulp and paper products, converted paper products, wood and tree-planting and other activities such as real estate and transportation.

The following chart shows the positions of these companies within the overall structure of the Oji Paper Group, together with interaction among business segment categories.



◎Consolidated subsidiaries

○Equity method subsidiaries

Companies involved in multiple areas of business are listed under their main activities.

2. Management Policy

(1) Basic Management Policy

The corporate philosophy of the Oji Paper Group emphasizes to contribute to protection of the environment and advancement of culture, strive for continuous innovation in a proactive, responsive and determined manner, and build and maintain trust throughout the world. The Group is working under this philosophy to realize the full potential of paper and to justify the trust placed in it by customers, by maintaining comprehensive product supply systems for its products, including paper, paperboard and converted paper products. At the same time, the Group is also laying the foundations for future growth by building a corporate structure capable of survival and success in fiercely competitive domestic and overseas markets.

The Oji Paper Group has responded to the maturation of the Japanese market by focusing on the future potential of Asian markets. Its aim is to overcome international competition from highly globally manufacturers in Europe, North America and Southeast Asia and achieve dynamic growth in the 21st century by expanding into Asian markets, especially the growing Chinese market, as an Asian corporate citizen domiciled in Japan.

As an enterprise group dedicated to protection of the global environment through recycling, the Oji Paper Group continues to work under the Oji Paper Group Environment Charter to promote forest recycling and paper recycling. Through these activities, the Group is making a sustained contribution to the formation of a recycling society. The Oji Paper Group is also determined to maintain and base its corporate activities on broader global perspectives, including a contribution to the prevention of global warming through increased energy conservation efforts, leading to further reductions in fossil fuel consumption.

(2) Basic Policy on Profit Distribution

The Group's basic policy on profit distribution is to provide shareholders with the greatest possible dividend stability while strengthening its financial fundamentals through the accumulation of internal reserves. Dividend decisions need to be based on a comprehensive range of factors, including business performance.

(3) Philosophy and Policy on the Reduction of the Minimum Share Lot

The Oji Paper Group regards the enhancement of corporate value and the attraction of more individual investors as important priorities. It is also determined to stimulate increased trading in its shares. Management will continue to study the reduction of the minimum share lot in the context of a wide range of factors, including the balance between the costs and benefits, and stock market trends.

(4) Target Management Indicators (Consolidated)

The targets for management indicators under the Oji Paper Group's medium/long-term management plan are as follows.

- Ordinary profit: ¥100 billion or higher (achievement and maintenance)
- Return on equity (ROE): 7% or higher
- Ratio of debt to equity (D/E ratio): 1.5 or lower
- Ordinary profit to net sales: 5% or higher (in all business segments)

(5) Medium/Long-Term Management Strategies

The Oji Paper Group is working to achieve further growth and success as one of the world's leading integrated pulp & paper manufacturers by targeting flexibility and optimal efficiency in its production operations, and price maintenance and restoration and sales expansion in its marketing activities. The Group is also working to maintain steady income flows in the mature domestic market by developing new technologies, new products and new services, while building a future role for itself as an Asian corporate citizen domiciled in Japan.

As part of this strategy, Oji Paper is preparing for the establishment of full-scale business operations in China. Last year, it negotiated a basic agreement with the Nantong Economic and Technological Development Zone Administration Committee concerning the acquisition of a site in Nantong City, Jiangsu Province, China. By the end of 2008, Oji Paper plans to invest about ¥65 billion in the construction of a new coated paper plant with annual production capacity of 400,000 tons and to start commercial production. There are also plans for the construction of an integrated pulp and paper plant to produce 1.2 million tons of high-grade paper and coated papers annually. It is estimated that the total investment will amount to ¥220 billion.

In June 2003, Oji Paper established the China Business Division to provide coordination and support for the development of its business activities in China. In September 2003, it established a Chinese subsidiary, Oji Paper Nantong Co., Ltd. Oji Paper also plans to establish Oji Paper (China) Investment Co., Ltd. (provisional name) as the hub for its activities in China. The new company will coordinate business operations in China, including existing operations.

It is possible that the growth trend in world demand for paper will continue, especially in China and Southeast Asia, causing the supply-demand environment for the timber resources used in paper manufacturing to tighten. In preparation for the expansion of its business operations in China, Oji Paper has raised the target area for the development of forest plantations in various parts of the world from 200,000 to 300,000 hectares. The target area for a new plantation started in Laos in February this year is 50,000 hectares. Through initiatives such as this, Oji Paper is steadily establishing reliable long-term access to raw materials.

Within Japan, a simplified spin-off process implemented on October 1st, 2004 was used to turn the Specialty Papers Business Division of the Specialty Papers Company, together with the Ebetsu Mill, Iwabuchi Mill, Nakatsu Mill, and Shiga Mill, into a new company. This company was then absorbed by Fuji Paper Co., Ltd., a wholly owned Oji Paper subsidiary that manufactures and sells specialty papers and white boxboard, resulting in the creation of Oji Specialty Paper Co., Ltd. The establishment of Oji Specialty Paper will better equip the Oji Paper Group to respond quickly and effectively to changing market needs through the integration of production and sales in the area of specialty paper products (specialty papers and films), and the enhancement of product ranges. Oji will work to maximize integration benefits on all levels, including cost savings through the organic integration of production and sales. Oji Specialty Paper is developing systems to support the development and supply of high-added-value materials needed for high-tech products manufactured by other industries. For example, it plans to install additional production capacity for special polypropylene film used in capacitors for hybrid vehicles and other products at its Shiga Plant in April 2006.

(6) Priorities

After a prolonged period of flat performance, the Japanese economy appears to have entered a new upward phase and is now expected to follow a gradual recovery trend. However, while the pulp and paper industry can look forward to moderate positive growth in domestic

demand, further sharp rises in fuel and raw material prices are inevitable, and there is also concern about a dramatic increase in paper imports in the second half of the year. The Oji Paper Group faces an extremely challenging business environment, and the entire Group will focus its efforts on the implementation of the following priority measures.

① Strengthening Group Management

- Improving the profitability of the general papers business
Oji Paper will secure its earning capacity through aggressive efforts to expand sales, especially of new products. It will also continue to give priority to price maintenance while monitoring trends in paper imports.
- Improving the profitability of the boxboard and packaging papers business
In its white boxboard business, Oji Paper will work aggressively to expand sales of specialty and high-grade white boxboard. It will also target price maintenance and cost reductions for coated white-lined board. The goal for the packaging paper business is to strengthen the earning structure by consolidating last year's price restoration measures, and by focusing marketing efforts on product categories in which Oji Paper has a competitive advantage.
- Improving the profitability of the communications paper business
Oji Paper will actively develop new products in close cooperation with other industries, especially information equipment manufacturers. It will also work to ensure reliable quality, expand sales and reduce costs.
- Improving the profitability of the containerboard business
Under a sales strategy that gives first priority to price maintenance, Oji Paper will work to strengthen its income base by focusing on the improvement of production systems and facilities and technology resources.
- Improving the profitability of the corrugated containers business
Price maintenance is the first priority for Oji Paper's profit-focused sales strategy in this category. Oji Paper will work to maximize earning capacity through further cost reductions. It will also strengthen its competitiveness by providing fine-tuned customer service and establishing superior quality assurance systems.
- Improving the profitability of the household products business
In the sanitary papers category, Oji Paper will strive to keep operating rates and sales performance at 100%, while minimizing costs and expanding sales of premium items. The key to growth in sales of disposable diapers will be a product strategy linked to market changes.
- Improving the profitability of the specialty paper business
In fiscal 2004 the specialty paper operations of the Oji Paper Group were integrated under a newly established company. Earning capacity in this area will be enhanced by applying the total capabilities of the new company to the expansion of sales of existing products and the aggressive development of new products, and by establishing optimized production systems.

② Strengthening Cost Competitiveness

Management will target further cost reductions by fostering renewed awareness of the crucial importance of cost Competitiveness to earning power and corporate competitiveness.

- Maximizing production efficiency
Oji Paper will strive to minimize manufacturing costs and strengthen its competitiveness by improving its production structure and maximizing production efficiency.
- Reducing of total human resource costs
Oji Paper has already reduced its consolidated work force in Japan to below 18,000. It will work to improve added value and productivity by seeking further reductions in its total human resource costs.
- Advantageous procurement of purchased goods and materials
Oji Paper will devise and formulate all possible measures to counter the effects of steep increases in the prices of raw materials and fuel, and it will put these measures into effect without delay, with the aim of procuring raw materials and supplementary materials on the best possible terms and at the lowest possible costs.
- Reduction of physical distribution costs
Oji Paper will work to minimize inventory and distribution costs through the normalization of inventory levels and closer cooperation with agencies. It will also target the development of new services linked with distribution.

③ Enhancing competitiveness through new products, technologies and services

Oji Paper aims to identify customer needs in all segments, and to develop and commercialize new technologies, products and services based on new concepts.

④ Improving Quality Competitiveness

Oji Paper will target further improvements in customer confidence in its products by ensuring that it has a quality advantage, and by responding promptly to customer needs. It will use its quality advantage to counter pressure from domestic and overseas competitors.

⑤ Reinforcing the Financial Structure

Oji Paper will work to expand its cash flows by reducing inventories of raw materials, fuel and finished products, by liquidating assets, and by ensuring that the level of investment in plant and facilities is appropriate. It will also target further improvements in financial efficiency and the financial balance through integrated management of group funds.

⑥ Business Development in China

Oji Paper will work to enhance the earning performance of the business operations that is currently developing in China in such areas as communications papers, sanitary papers and corrugated containers. It will also make careful and thorough preparations for approval processes required for its plan to build production facilities for wood-free and coated papers. To ensure the successful implementation of this plan, Oji Paper will carefully monitor related factors, including market trends in China.

⑦ Emphasis on Environmental Countermeasures

In accordance with the basic principles of its Environmental Charter, Oji Paper will work to ensure that its corporate activities are environmentally harmonious from a global perspective through strategies that include the achievement of zero emission status for waste products, and the implementation of forest planting projects..

(7) Basic Thinking and Measures Relating to Corporate Governance

Basic Thinking on Corporate Governance

Oji Paper regards the reinforcement of corporate governance as its most important management priority and is improving related systems with the aim of ensuring management efficiency, soundness and transparency, achieving sustained improvement in corporate value, and maintaining public confidence.

Measures Relating to Corporate Governance

1. Corporate governance organizations, including management organizations relating to the making, execution and supervision of management decisions

Corporate Organizations

Important decisions concerning business operations are made by the Board of Directors, which meets once or twice each month. The Board consists of 10 directors.

Oji Paper has accelerated decision-making processes, strengthened operational and executive functions, and clarified executive responsibilities under its corporate officer system, which was introduced in 1999. At present there are 39 corporate officers, of whom nine are also directors. The corporate officers meet every month to consider and discuss operational and executive matters.

Audit systems have been expanded and enhanced under the audit system introduced by Oji Paper, which includes the appointment of external auditors. There are currently four auditors, including two external auditors.

Development of Internal Governance Systems

Important decisions relating to group management are made by the Board of Directors following deliberations at meetings of the Executive Committee, which consists of directors who are also corporate officers. These meetings are normally held once a week. Several committees have been established to carry out preliminary discussions prior to deliberations by senior groups, such as the Management Committee.

These include the Medium/Long-Range Management Planning Committee, the Annual Planning Coordination Committee and the Product Competitiveness Reinforcement Committee.

Corporate officers and divisional managers ensure the prompt implementation of operations in accordance with decisions of the Board of Directors. Internal checking functions are based on chains of organizational authority and responsibility, which are clearly defined in organizational rules and regulations and rules covering the division of operations. There are also rules concerning consultation, including the rules governing presidential decision-making and the approval by chief officers. Business operations are conducted appropriately and in accordance with procedures based on these rules.

Financial management is based on orderly and thorough supervision by divisional managers in accordance with internal accounting regulations and other requirements. Divisional transactions are regularly monitored by corporate accounting managers to ensure the effectiveness of control functions and the reliability of financial reports.

At the group level, there are monthly meetings of the Group Management Council. Its purpose is to ensure that all group members share management policies and corporate principles.

Oji Paper is currently studying measures to strengthen internal control systems through improvements to related organizational structures.

Development of Risk Management Systems

Appropriate risk management is vital to the achievement of sustained improvement in corporate value in a rapidly changing business environment. Oji Paper is working to strengthen its risk management systems. In the context of medium-range and long-range business planning, significant risk factors with the potential to hinder strategic management decision-making are carefully studied by various corporate organizations, including the Medium/Long-Range Management Planning Committee and the Annual Planning Coordination Committee, and countermeasures are developed.

To improve its preparedness for disasters, accidents and other unforeseen contingencies, Oji Paper is developing systems to support a rapid response based on close collaboration. It has established a Disaster Prevention Committee to discuss basic policies and priority items concerning disaster prevention and management at group level. Some risk factors, such as those affecting product quality or the environment, require deliberations and the development of countermeasures by groups can function as horizontal links across organizational units.

Organizations established for this purpose include the Product Competitiveness Reinforcement Committee and the Environment Committee. Oji Paper is committed to timely and appropriate disclosure. Its efforts to improve management transparency include bringing forward publication dates for business results.

Another priority for Oji Paper is compliance with laws, regulations and corporate ethics. The Corporate Compliance Office was established in June 15, 2003 as a focus for increased efforts in these areas.

The Oji Paper Group Corporate Behavior Charter, which was adopted in January 2004, encompasses the basic values and behavior standards that have guide continuing commitment to the pursuit of corporate activities based on high ethical standards and awareness of the Group's role as a corporate citizen.

Internal Auditing, Audit Board Auditing, and Account Auditing

① Internal Auditing

As noted above, business operations are subject to stringent control by the relevant organizational units. However, Oji Paper is continually working to strengthen and enhance its internal auditing systems.

② Audit Board Auditing

Oji Paper's Audit Board supervises and audits management activities. The Audit Board consists of four auditors and includes two external auditors to ensure transparency. The Auditors audit the executive activities of directors by attending meetings of the Board of Directors and other important meetings in accordance with audit plans established by the Audit Board.

③ Account Auditing

Oji Paper has retained Chuo Aoyama Audit Corporation to audit its accounts. Audits are not limited to interim or final accounts and are carried out as required. The accounts of Oji Paper are audited by three chartered accountants, Akitaka Matsubara, Takashi Nagasaka and Takayuki Sadatome. They are assisted in this work by a total of eight chartered accounts, 10 assistant accountants and two other staff

Remuneration, etc., for Directors and Auditors

① Remuneration, etc., for Directors

- **Remuneration paid to directors and auditors**

11 directors: ¥427 million

4 auditors: ¥71 million

- **Bonuses paid to directors as profit distributions: ¥145 million**

- **Retirement bonuses paid on the basis of resolutions of a general meeting of shareholders in the current year**

1 director: ¥225 million

② Remuneration, etc., for Auditors

Remuneration to Chuo Aoyama Audit Corporation as auditors of the corporate accounts

Remuneration relating to audit certificates under the audit agreement amounted to ¥162 million, including fees for consolidated subsidiaries.

2. Summary of Personal, Capital and Business Relationships and Other Interests Existing between the Company and its External Directors and External Auditors

There are no personal, capital or business relationships or other interests between the Company and its two external auditors. There are no external directors.

3. Measures to Enhance Corporate Governance in the Past Year

Ensuring Compliance

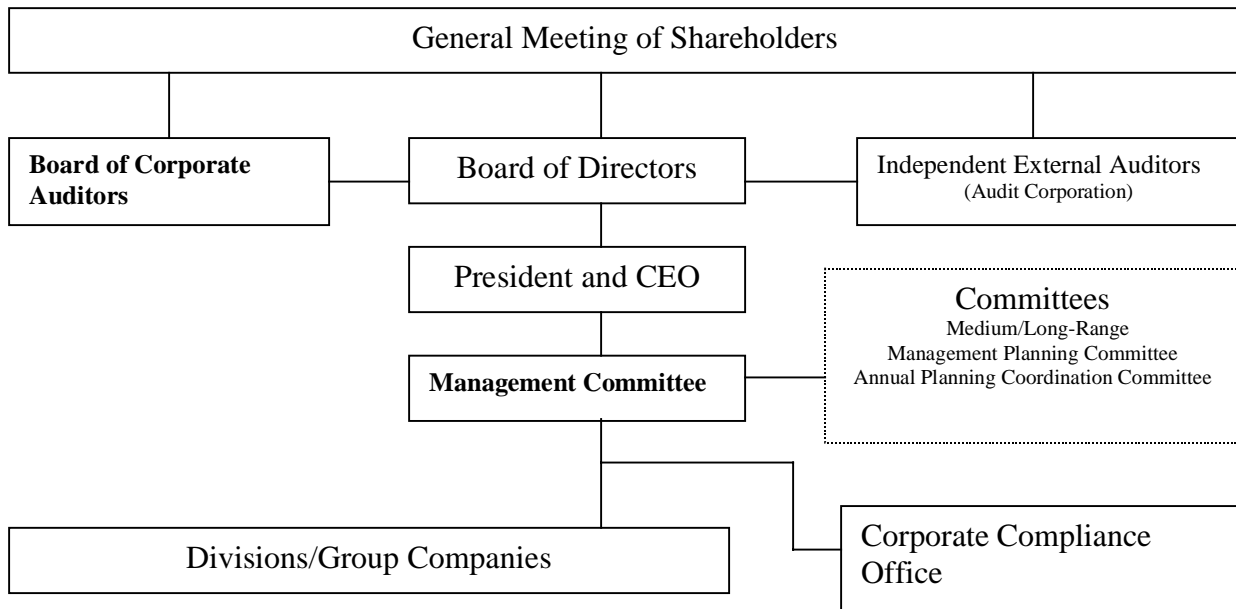
Training seminars were run for Compliance Promotion Leaders, who have been appointed at all Oji Paper Group work sites. The Compliance Promotion Leaders then ran seminars for management staff at their sites. In addition, Internet-based legal courses were provided for all Directors and Compliance Promotion Leaders. In the future, participation in these legal courses will be expanded to include all Oji Paper Group employees.

Oji Paper has formulated privacy protection regulations to ensure appropriate protection of personal information in accordance with Japan's new Personal Information Protection Law.

Reinforcement of Audit Systems

Subsidiary auditor conferences are held three times a year. The purpose of these meetings, which are attended by auditors of large corporations in the Oji Paper Group, is to strengthen the Group's audit functions and improve the quality of auditing.

【Corporate Organs, Internal Government Systems, etc.】



(8) Items Pertaining to Parent Company, etc.

None

3. Business Results and Financial Position

(1) Business Results

① Overview of the Year Ended March 2005

Though Japan's domestic economy followed a gradual recovery trend, conditions for the pulp and paper industry were difficult because of sharply higher raw material and fuel prices. Oji Paper met this challenge by working to cut costs and save energy and labor. Intensive cost minimization measures affecting all aspects of corporate activities again yielded significant benefits in the year ended March 2005.

The consolidated results for the year ended March 2005 were as follows.

Consolidated net sales:	¥1,185,141 million	(year on year 0.4% increase)
Consolidated operating profit:	¥84,554 million	(year on year 14.5% increase)
Consolidated ordinary profit:	¥80,524 million	(year on year 18.8% increase)
Consolidated net income:	¥43,349 million	(year on year 38.6% increase)

Segment results were as follows:

○ Pulp and Paper Product Division

• General Papers

Newsprint sales were higher, reflecting increased demand generated by the Upper House elections and the Athens Olympic Games. There were also encouraging trends in sales of printing papers, including increased sales of new products, especially for use in commercial printing of flyers, catalogs and other items. Oji Paper worked to restore prices, especially for market-priced items. However, prices tended to weaken.

• Packaging Papers

Both sales and prices remained basically static.

• Other Papers

Both sales and prices remained basically static. Sales of sanitary paper products, especially tissue paper and toilet rolls, were lower.

Deteriorating market conditions were reflected in lower prices.

• Paperboard

Sales of containerboard to the beverage industry increased because of extremely hot summer temperatures. However, sales to the fruit and vegetable industry slumped because of typhoon damage, and overall sales remained basically static. Oji Paper worked to maintain prices at the levels to which they were restored in 2003. Sales of paperboard remained strong in Japan, but exports were sluggish. Both domestic sales and exports of high-grade paperboard remained strong. Oji Paper worked to maintain prices at the levels to which they restored in 2003.

These sales trends, combined with cost-cutting efforts, were reflected in the following results.

Consolidated net sales:	¥697,939 million	(year on year 1.0% decline)
Consolidated operating profit:	¥53,832 million	(year on year 10.4% increase)

○ Converted Paper Product Division

• Corrugated Containers (Corrugated Sheets and Boxes)

Sales of corrugated containerboard remained close to the previous year's level. The price levels restored in the previous year continued to permeate through the market.

• Other Converted Paper Products (Paper Containers, Thermal Papers, Adhesive Papers, Disposable Diapers, etc.)

Sales of thermal paper declined, and prices also weakened.

Sales of both children's and adults' disposable diapers increased, but the prices of products for children tended to weaken.

These sales trends, combined with cost-cutting efforts, were reflected in the following results.

Consolidated net sales:	¥341,762 million	(year on year 2.0% increase)
Consolidated operating profit:	¥14,957 million	(year on year 24.2% increase)

○ Wood and Tree-planting Division

Timber sales marked time at the previous year's level. Sales from tree-planting operations showed a year-on-year decline, reflected reduced orders for public works projects.

Consolidated net sales:	¥49,124 million	(year on year 4.1% decline)
Consolidated operating profit:	¥1,345 million	(year on year 10.6% decline)

○ Other Division

Increased sales of major properties contributed to the following business results for the other division.

Consolidated net sales:	¥96,314 million	(year on year 8.1% increase)
Consolidated operating profit:	¥14,417 million	(year on year 24.8% increase)

The non-consolidated results for the year ended March 2005 were as follows.

Non-consolidated net sales:	¥592,324 million	(year on year 3.8% decline)
Non-consolidated operating profit:	¥36,769 million	(year on year 2.3% decline)
Non-consolidated ordinary profit:	¥35,495 million	(year on year 5.5% increase)
Non-consolidated net income:	¥22,081 million	(year on year 24.4% increase)

② Outlook for the Year Ending March 31, 2006

Business conditions are expected to remain difficult because of rising raw material and fuel prices and other factors. The priorities for the Oji Paper Group will be the maintenance of optimal efficiency and flexibility in its production systems, continuing efforts to minimize costs, and increased marketing efforts, including the introduction of new products onto the market.

Forecasts for the year ending March 2006 include consolidated net sales of ¥1,238,000 million, consolidated ordinary profit of ¥85,000 million, and consolidated net income of ¥38,500 million. These forecasts are based on an exchange rate of ¥105 to the U.S. dollar.

Oji Paper has introduced impairment accounting for fixed assets. Extraordinary losses relating to impairment are expected to amount to ¥10,000 million.

Non-consolidated forecasts include net sales of ¥560,000 million, ordinary profit of ¥31,000 million, and net income of ¥14,000 million.

③ Dividends

As in the previous year, Oji Paper plans to pay an ordinary final dividend of ¥6 per share in the year ended March 2005. Together with the interim dividend of ¥6, this will bring the total dividend for the year to ¥12, an increase of ¥2 compared with the previous year's figure. A dividend of ¥12, consisting of interim and final dividends of ¥6 each, is also planned for the year ending March 2006.

(2) Financial Position

○ Cash flows from operating activities

Net cash provided by operating activities increased by 32.3% year on year to ¥135,769 million. The increase results from efforts to increase a ¥19,748 million year-on-year in income before income taxes and minority interests, in addition to a decrease in retirement benefit payments.

○ Cash flows from investing activities

Net cash used in investing activities increased by 46.6% to ¥67,949 million. Reasons included a decline in income resulting from reduced sales of investment securities.

○ Cash flows from financing activities

Net cash provided by financing activities declined by 3.2% year-on-year to ¥55,438 million. The decrease resulted from efforts to reduce interest-bearing debt.

The balance of interest-bearing liabilities at the end of the current accounting period was below the previous year's level at ¥26,998 million.

Cash and cash equivalents at end of the year amounted to ¥44,521 million, an increase of ¥11,911 million compared with the balance at end of the year before.

Cash Flows Indicators

Period Ended	March 2001	March 2002	March 2003	March 2004	March 2005
Shareholders' equity ratio (%)	25.6	26.0	26.3	29.4	30.5
Shareholders' equity at market price (%)	32.4	38.9	30.8	46.7	37.9
Years to debt retirement (Years)	5.2	5.7	6.9	7.4	5.4
Interest coverage ratio	11.2	10.8	9.5	9.3	13.8

Shareholders' equity ratio:

Shareholders' equity/total assets

Shareholders' equity at market price:

Aggregate value/total assets

Years to debt retirement:

Interest-bearing debt/operating cash flows

Interest coverage ratio:

Operating cash flows/interest payments

- All of the above financial indicators were calculated on a consolidated basis.
- Aggregate value is calculated by multiplying the closing share price at the end of the period by the number of shares issued and outstanding at the end of the period (excluding treasury stock).
- Operating cash flows are based on cash flows from operating activities as stated in the Consolidated Statements of Cash Flows.
- Interest-bearing debt consists of all liabilities stated in the Consolidated Balance Sheets on which interest is paid.
- Interest payments are based on the interest payment amounts stated in the Consolidated Statements of Cash Flows.

(3) Business Risks, etc.

Factors affecting the Oji Paper Group's business activities that could significantly influence investors' decisions are described below.

References to future events in this document reflect the Group's judgment as of the end of March 2005. The following list of significant risks is not intended to be exhaustive.

① Declines in Demand and Market Prices in Japan

Pulp and paper products and converted paper products account for approximately 90% of the net sales of the Oji Paper Group. Both segments are basically dependent on domestic demand and are therefore significantly influenced by trends in the performance of Japan's domestic economy. The financial position and business performance of the Oji Paper Group could be adversely affected if a serious decline in Japan's economic performance caused reductions in domestic demand and lower market prices.

② Rising Raw Material and Fuel Prices

The financial position and business performance of the Oji Paper Group could be adversely affected by rises in the purchase prices of important fuels and raw materials, such as chips and fuel oil, which are substantially influenced by international market trends, and used paper, purchase prices for which vary significantly in response supply-demand trends in Japan.

③ Exchange Rate Fluctuations

The financial position and business performance of the Oji Paper Group could be adversely affected by a major weakening of the yen relative to currencies that have a major influence on the purchase prices of fuels and raw materials, such as the U.S. dollar or Australian dollar. The Oji Paper Group uses risk hedging, including currency contracts, but it is not possible to avoid all risks.

④ Increases in Interest Rates

The ratio of interest-bearing liabilities to the total assets of the Oji Paper Group was high at the end of the current consolidated accounting period. The Group is working to improve its financial structure through measures that include the use of group financing to maximize financial efficiency. However, a substantial rise in the level of interest rates could adversely affect the financial position and business performance of the Oji Paper Group.

⑤ Changes in Overseas Political and Economic Conditions

The Oji Paper Group procures chips, fuel oil and other resources from many foreign countries. The financial position and business performance of the Oji Paper Group could be adversely affected if it became difficult to obtain fuels and raw materials or if prices increased because of deteriorating political and economic conditions in these countries. Changes in overseas political and economic conditions could also affect existing overseas projects or future plans.

⑥ Disasters

The Oji Paper Group takes all possible steps to minimize the effects of disasters. However, there is no guarantee that all effects of disasters can be prevented or mitigated. The financial position and business performance of the Oji Paper Group could be adversely affected if it were not possible to prevent or alleviate the effects of disaster, and if the Group were affected by reduced production capacity or higher manufacturing costs as a result.

⑦ Risks Relating to Laws and Litigation

The business activities of the Oji Paper Group are covered by a variety of laws and regulations, including environmental regulations and laws concerning intellectual property. It is possible that the Group will be exposed to the risk of litigation or other actions under these laws and regulations. The results of such actions could adversely affect the financial position and business performance of the Oji Paper Group.

⑧ Product Liability

The Oji Paper Group is subject to claims for damages based on product liability pertaining to the Group's products. No major claims for damages are pending at present, but it is possible that such claims may be received in the future. While the Oji Paper Group has obtained product liability indemnity insurance, it is possible that this insurance cover may be insufficient to cover liability for damage.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2004 (March 31, 2004)	FY2005 (March 31, 2005)	Year on year net Increase (decrease)
ASSETS			
Current Assets:	486,262	498,966	12,703
Cash and bank deposits	32,918	44,769	11,851
Accounts receivable—trade	266,979	276,345	9,365
Marketable securities	54	49	(5)
Inventories	138,885	136,469	(2,416)
Deferred tax assets	24,447	16,210	(8,236)
Short-term loans	12,734	11,366	(1,368)
Accounts receivable—other	6,246	8,395	2,148
Other	5,388	6,455	1,067
Allowance for doubtful accounts	(1,392)	(1,094)	297
Fixed Assets:	1,119,765	1,107,204	(12,560)
Property, plant and equipment	887,726	871,415	(16,311)
Buildings and structures	222,782	215,014	(7,767)
Machinery and automobiles	362,861	351,797	(11,063)
Tools, fixtures	8,394	8,265	(129)
Land	218,422	218,479	56
Forests	16,746	16,759	13
Afforestation	41,321	42,721	1,400
Construction in progress	17,198	18,376	1,178
Intangible assets	11,286	10,641	(645)
Leasehold	2,538	2,425	(112)
Consolidation adjustment accounts	937	480	(456)
Other	7,811	7,735	(75)
Investments and other assets	220,751	225,148	4,396
Investments in securities	190,570	197,573	7,002
Long-term loans	7,240	6,907	(332)
Long-term prepaid expense	3,434	3,110	(323)
Deferred tax assets	12,206	9,834	(2,372)
Other	9,476	9,349	(126)
Allowance for doubtful accounts	(2,176)	(1,628)	548
Total Assets	1,606,027	1,606,171	143

Millions of Yen

	FY2004 (March 31, 2004)	FY2005 (March 31, 2005)	Year on year net Increase (decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:	604,944	589,336	(15,608)
Accounts payable—trade	176,670	183,499	6,829
Short-term bank loans	279,438	210,447	(68,991)
Commercial paper	76,000	95,000	19,000
Current portion of debentures	-	20,000	20,000
Accounts payable—other	12,845	14,633	1,788
Accrued expenses	46,909	45,556	(1,353)
Income taxes payable, etc.	4,200	12,201	8,001
Deferred tax liabilities	123	-	(123)
Other	8,757	7,997	(759)
Non-Current Liabilities:	523,109	520,849	(2,259)
Debentures	140,000	160,000	20,000
Long-term bank loans	258,047	241,450	(16,597)
Deferred tax liabilities	35,066	35,141	75
Deferred tax liabilities on unrealized gain	7,867	8,176	309
Accrued retirement benefits	68,051	63,374	(4,677)
Accrued retirement bonuses to directors	2,398	2,531	132
Reserve for special repairs	176	144	(32)
Long-term deposits	10,504	9,630	(874)
Long-term notes payable for property, plant and equipment	571	228	(343)
Other	424	173	(250)
Total Liabilities	1,128,054	1,110,186	(17,867)
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES			
Minority interests in consolidated subsidiaries	5,576	6,043	467
SHAREHOLDERS' EQUITY			
Common stock	103,880	103,880	-
Capital surplus	110,168	110,179	10
Retained earnings	237,208	267,855	30,647
Revaluation of land	6,466	6,614	147
Other valuation of securities	34,356	35,669	1,312
Foreign currency translation adjustment	(7,753)	(6,045)	1,707
Treasury stock	(11,929)	(28,212)	(16,282)
Total Shareholders' Equity	472,397	489,941	17,543
Total Liabilities, Minority Interests in Consolidated Subsidiaries and Shareholders' Equity	1,606,027	1,606,171	143

(2) Consolidated Statements of Income

Millions of Yen

	FY2004 (April 1,2003– March 31, 2004)	FY2005 (April 1, 2004– March 31, 2005)	Year on year net Increase (decrease)
Net sales	1,180,436	1,185,141	4,704
Cost of sales	882,897	880,343	(2,553)
Gross Profit	297,539	304,797	7,257
Selling, general and administrative expenses:	223,687	220,243	(3,444)
Selling expenses	127,849	128,133	283
Cost for inventories of finished products	10,191	7,925	(2,266)
Salaries for employees	42,166	40,440	(1,725)
Retirement benefits	5,467	4,818	(649)
Depreciation and amortization	4,476	4,379	(97)
Other	33,535	34,545	1,010
Operating profit	73,851	84,554	10,702
Non-operating income:	8,544	8,560	16
Interest income	232	348	116
Dividends income	1,610	1,692	82
Equity in earnings of affiliates	3,367	2,272	(1,095)
Lease income	962	1,032	70
Other	2,371	3,213	842
Non-operating expenses:	14,606	12,589	(2,016)
Interest expense and discount charges	10,771	9,866	(904)
Loss on investment of project	706	-	(706)
Other	3,127	2,722	(405)
Ordinary profit	67,789	80,524	12,735
Extraordinary gain:	8,311	686	(7,625)
Gain on sale of investments in securities	7,746	498	(7,248)
Gain on sale of fixed assets	564	187	(377)
Extraordinary losses:	28,673	14,035	(14,638)
Loss on retirement of fixed assets	5,130	7,453	2,323
Special retirement benefits	18,940	4,100	(14,839)
Loss on termination and restructuring of project	2,537	824	(1,712)
Loss on natural disaster	535	541	5
Loss on reduction of fixed assets	395	437	42
Allowance for doubtful accounts	726	374	(352)
Loss on write-down of investments in securities	407	303	(103)
Income before income taxes and minority interests	47,427	67,175	19,748
Corporate tax, resident taxes and enterprise tax	6,218	13,388	7,170
Deferred taxes.	9,538	9,964	425
Minority interests in net profit (loss) of consolidated subsidiaries	(399)	(472)	(73)
Net Income	31,271	43,349	12,078

(3) Consolidated Statements of Surplus

Millions of Yen

	FY2004 (April 1, 2003– March 31, 2004)	FY2005 (April 1, 2004– March 31, 2005)
CAPITAL SURPLUS		
Balance of capital surplus at beginning of period	110,159	110,168
Increase in capital surplus	8	10
Gain on disposal of treasury stock	8	10
Balance of capital surplus at end of period	110,168	110,179
RETAINED EARNINGS		
Balance of retained earnings at beginning of period	216,669	237,208
Increased in retained earnings:	31,322	43,535
Net income	31,271	43,349
Increase in retained earnings due to mergers	51	7
Increase in retained earnings due to increase in number of consolidated subsidiaries	-	178
Decrease in retained earnings:	10,784	12,888
Dividends	8,328	12,378
Bonuses to directors	322	265
Reversal of land revaluation reserve	2,038	147
Decrease due to reduction in number of consolidated subsidiaries	15	97
Decrease due to reduction in number of equity method companies	79	-
Balance of Retained Earnings at End of Period	237,208	267,855

(4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2004 (April 1, 2003– March 31, 2004)	FY2005 (April 1, 2004– March 31, 2005)	Year on year net Increase (decrease)
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	47,427	67,175	19,748
Depreciation and amortization	84,059	78,090	(5,968)
Depreciation and amortization in consolidation adjustment accounts	394	(219)	(614)
Increase/decrease in allowance for doubtful accounts	40	(68)	(108)
Increase/decrease in accrued retirement benefits	(13,914)	(4,626)	9,287
Interest and dividend income	(1,842)	(2,041)	(199)
Interest expenses	10,771	9,866	(904)
Exchange gain	(290)	(327)	(36)
Equity in gain of affiliates	(3,367)	(2,272)	1,095
Loss on sale of investments in securities	(7,746)	(498)	7,248
Loss on write-down of investments in securities	407	303	(103)
Loss on disposal of fixed assets	5,130	7,453	2,323
Gain on sale of fixed assets	(564)	(187)	377
(Increase) decrease in trade receivables	4,134	(8,055)	(12,189)
Decrease in inventories	5,240	6,101	860
Increase (decrease) in trade payables	(10,172)	3,699	13,871
Other	(1,388)	(4,154)	(2,765)
Total	118,319	150,240	31,920
Interest and dividends received	2,075	2,307	232
Interest paid	(11,035)	(9,803)	1,232
Income taxes paid	(6,738)	(6,975)	(236)
Net cash provided by operating activities	102,620	135,769	33,148
Cash Flows from Investing Activities:			
Acquisition of property, plant and equipment/intangible assets	(62,300)	(68,097)	(5,796)
Proceeds from sale of property, plant and equipment/intangible assets	6,772	4,795	(1,976)
Purchase of investments securities	(4,813)	(4,006)	807
Proceeds from sale of investments securities	14,847	541	(14,306)
Proceeds from sale of stocks of consolidated subsidiaries	348	-	(348)
Provision of loans	(5,241)	(2,849)	2,392
Collection of loans	4,375	2,175	(2,200)
Other	(327)	(508)	(181)
Net cash used in investing activities	(46,338)	(67,949)	(21,610)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term bank loans	(71,497)	(73,114)	(1,617)
Net increase of commercial paper	7,000	19,000	12,000
Borrowing of long-term bank loans	70,538	30,224	(40,313)
Repayments of long-term bank loans	(50,951)	(43,211)	7,740
Proceeds from issue of debentures	40,000	40,000	-
Redemption of debentures	(40,000)	-	40,000
Cash dividends paid by the Company	(8,328)	(12,378)	(4,049)
Acquisition of treasury stock	(4,000)	(16,011)	(12,011)
Other	(48)	54	102
Net cash used in financing activities	(57,288)	(55,438)	1,850
Effect of foreign currency translation on cash and cash equivalents	(335)	(313)	22
Net increase/decrease in cash and cash equivalents	(1,341)	12,068	13,410
Cash and cash equivalents at beginning of period	34,701	32,609	(2,091)
Increase in cash and cash equivalents due to mergers	10	36	25
Increase in cash and cash equivalents due to inclusions of subsidiaries in consolidation	-	275	275
Decrease of cash and cash equivalents due to exclusions of subsidiaries from consolidation	(761)	(468)	292
Cash and cash equivalents at end of period	32,609	44,521	11,911

Basis of Presentation of the Consolidated Financial Statements

1. Scope of Consolidation

Number of consolidated subsidiaries: 65 (64 at end of previous accounting period)

Main subsidiaries: Oji Paperboard Co., Ltd., Oji Specialty Paper Co. Ltd., Oji Nepia Co., Ltd., Oji Container Co., Ltd.,
Oji Logistics Co., Ltd., Oji Engineering Co., Ltd., Chiyoda Container Co., Ltd., Oji Real Estate Co., Ltd.,
Oji Tac, Co., Ltd., Oji Forestry & Products Co., Ltd.

Added (3): (Kyokusin Sigyo Co., Ltd., Oji Scientific Instruments Co., Ltd. Oji Recycle and Pulp Center Co., Ltd.)

Excluded (2): (Honshu Tosin Co., Ltd., Oji Finance Co., Ltd.)

Number of non-consolidated subsidiaries: 128

All non-consolidated subsidiaries are small in scale, and their total assets, sales, net income (equity equivalent) and retained earnings (equity equivalent) have a minimal impact on total consolidated assets, sales, net income (equity equivalent) and retained earnings (equity equivalent). They also have a minimal impact on the Consolidated Balance Sheets. For these reasons, they have been excluded from the consolidation.

2. Equity Method Application

Number of affiliates to which the equity method applies: 15

Main affiliates: JBP (Japan Brazil Paper and Pulp Resources Development Co., Ltd.), Yupo Corporation, Kokusai Pulp & Paper Co., Ltd.

Number of non-consolidated subsidiaries and affiliates to which the equity method does not apply:

Non-consolidated subsidiaries: 128

Affiliates: 69

These non-consolidated subsidiaries and associated companies are small in scale, and their total net income (offset for minority interests) and retained earnings (offset for minority interests) have a minimal impact on total consolidated net income (offset for minority interests) and retained earnings (offset for minority interests). They also have a minimal impact on the Consolidated Balance Sheets. For these reasons, they have been excluded from the scope of equity method application.

3. Matters Relating to the Balance Dates, etc., of Consolidated Subsidiaries

December 31 is the balance date for Oji Paper U.S.A. Inc., KANZAKI Specialty Papers Inc., Oji Paper (Thailand) Ltd., KANZAN Spezialpapiere GmbH, and Oji Paper Nantong Co., Ltd. Each company's financial statements as of their respective balance dates were used in compiling these consolidated financial statements. Adjustments are made for any major business transactions occurring between subsidiaries' balance dates the consolidated balance date.

4. Accounting Principles

(1) Standards and methods for valuation of assets

① Securities:

Securities held to maturity: Amortized cost

Other securities

Other securities with market values: At market, based on market prices, etc., on the last day of the accounting period.
(Valuation gains and losses are added directly to shareholders' equity. The cost of sales is calculated according to the moving average method.)

Other securities without market values: At cost using the moving average method

② Derivatives

Using market value method.

③ Inventories

Valuation of inventories is based mainly on the total average method.

(2) Depreciation method for major assets

The declining balance method is used, except for buildings (other than annexed facilities) acquired after April 1, 1998, and assets owned by certain consolidated subsidiaries, for which the straight-line method is used.

(3) Accounting standards for major reserves

① Allowance for doubtful accounts:

The amount provided to cover possible losses on accounts receivable at the end of the accounting period is calculated using a ratio based on historical losses on general receivables. Where there is concern about specific accounts, provision is made for the amount deemed to be unrecoverable based on individual reviews of recoverability.

② Severance benefits:

The amount provided is equivalent to the estimated amount required for employees' severance benefits at the end of each consolidated accounting period, based on severance benefit liabilities and pension assets. Past service liabilities are treated as costs on the basis of straight-line calculations according to the average remaining years of service of employees when liabilities are incurred. Actuarial differences are treated as costs in the following consolidated accounting period, based on straight-line amortization over the average remaining service period of employees at time of occurrence.

③ Provision for retirement bonuses to directors:

The amount payable under corporate regulations at the end of the accounting period is shown in the accounts to provide for retirement bonuses to directors.

④ Reserve for special repairs

Estimating future expenditures and charging for future repairs to oil tank is provided to income in equal annual amounts.

(4) Treatment of lease contracts

Financial lease contracts other than those that are deemed to transfer ownership of the leased assets to lessees are treated according to the accounting method that is used for ordinary operating leases.

(5) Accounting for significant hedge transactions

① Method of hedge accounting

Deferral hedge accounting is adopted mainly.

Regarding foreign currency denominated assets or liabilities with specific forward or futures transactions on foreign exchange for specific hedging purposes for them, an accrued portion of the spreads are allocated for the income (loss) calculation.

“Special procedure for interest swaps” is applied for interest rate swaps if they fulfill the conditions of “special procedure.”

② Hedging instruments and items

Hedging instruments

Hedging items

Currency forward transaction

Foreign currency denominated monetary assets or liabilities

Interest rate swap transaction

Loans or loans receivable

③ Policy on hedging

The Group companies engage in hedging of currency forward transactions with the aim of managing the risk of fluctuation in future exchange rates under its risk management policies.

④ Method of evaluating the efficacy of hedging

Regarding hedging instruments and items, the companies evaluate hedge effectiveness at each consolidated accounting period in every contract on a case-by-case basis.

The companies omit the evaluation of hedged instruments and items for assets or liabilities, if the important conditions of the means including the principal and the interest rate period are the same.

(6) Other significant policies concerning the preparation of the consolidated financial statements

Accounting for consumption tax including local consumption tax: Amounts are shown exclusive of tax.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities are stated at market values.

6. Amortization of Consolidation Adjustment Account

The account is amortized in equal amounts over five years. If the amount is small, it will be amortized in the accounting period in which It is incurred.

7. Matters Concerning the Appropriation of Income, etc.

The appropriation methods for income and losses in the consolidated income statement and the consolidated statement of retained earnings are based on the standards used by consolidated subsidiaries whose accounts have been finalized before the end of the current consolidated accounting period.

8. Scope of Funds Included in Consolidated Cash Flow Statement

Cash and cash equivalents in the consolidated cash flow statement consist of on-hand cash, deposits that can be withdrawn at any time, and short-term investments that can readily be converted into cash, involve minimal exposure to price fluctuation risk, and will mature within three months.

Notes

Consolidated Balance Sheet

		(Millions of Yen)
	Previous consolidated accounting period (March 31, 2004)	Current consolidated accounting period (March 31, 2005)
1. Accumulated depreciation of tangible fixed assets	1,679,764	1,715,342
2. Contingent liabilities and guarantee obligations	51,627	42,774
3. Trade notes receivable discounted	1,398	988
4. Trade notes receivable transfer endorsements	-	211

Consolidated Statements of Income

		(Millions of Yen)
	Previous consolidated accounting period (from April 1, 2003 to March 31, 2004)	Current consolidated accounting period (from April 1, 2004 to March 31, 2005)
1. R&D expenditure included in selling, general and administrative expenses and manufacturing costs in the current period	12,007	11,517
2. Depreciation and amortization	84,059	78,090

Consolidated Statements of Cash Flows

Relationship between year-end balance of cash and cash equivalents and amounts stated in the Consolidated Balance Sheet

		(Millions of Yen)
	Previous consolidated accounting period (from April 1, 2003 to March 31, 2004)	Current consolidated accounting period (from April 1, 2004 to March 31, 2005)
Cash and deposits	32,918	44,769
Advance receivable within 3 months	-	4
Time deposits over 3 months	(308)	(252)
Cash and cash equivalents	32,609	44,521

(1) Segment Information

1. Segment information by business domain

FY2004 (April 1, 2003–March 31, 2004)

Millions of Yen

	Pulp and paper products	Converted paper products	Wood and tree-planting	Other activities	Total	Elimination or corporate	Consolidated total
I. Sales and Operating Profit/Loss							
Net sales							
(1) Sales to customers	704,921	335,152	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
II. Assets, Depreciation and Capital Expenditure							
Assets	1,058,346	331,831	97,917	178,833	1,666,928	(60,900)	1,606,027
Depreciation	63,130	15,763	1,082	4,083	84,059	-	84,059
Capital expenditure	45,909	9,873	787	2,721	59,291	-	59,291

FY2005 (April 1, 2004–March 31, 2005)

	Pulp and paper products	Converted paper products	Wood and tree-planting	Other activities	Total	Elimination or corporate	Consolidated total
I. Sales and Operating Profit/Loss							
Net sales							
(1) Sales to customers	697,939	341,762	49,124	96,314	1,185,141	-	1,185,141
(2) In-group sales between segments or transfers	52,000	4,719	26,525	118,163	201,409	(201,409)	-
Total	749,939	346,482	75,649	214,478	1,386,550	(201,409)	1,185,141
Operating expenses	696,107	331,524	74,303	200,060	1,301,996	(201,409)	1,100,587
Operating profit	53,832	14,957	1,345	14,417	84,554	(-)	84,554
II. Assets, Depreciation and Capital Expenditure							
Assets	1,077,653	317,297	98,973	162,585	1,656,509	(50,338)	1,606,171
Depreciation	59,433	14,848	993	2,815	78,090	-	78,090
Capital expenditure	51,341	17,743	1,087	4,369	74,542	-	74,542

Notes:

- Segmentation is based on differences in production methods.
- The main products of each business segment are as follows.
 - Pulp and paper product: Newsprint, printing and communications papers, packaging papers, sanitary papers, miscellaneous papers, containerboard, boxboard, pulp, etc.
 - Converted paper product: Corrugated containers, paper containers, thermal papers, adhesive papers, paper diapers, paper bag products, etc.
 - Wood and tree-planting: Timber, afforestation, landscaping
 - Other: Real estate, cornstarch, machinery, etc.
- Depreciation and capital expenditure include long-term prepaid and depreciation thereof.

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.

5. Production, Orders and Sales

(1) Production Results

Business Segment	Item	FY2004 (April 1, 2003– March 31, 2004)	FY2005 (April 1, 2004– March 31, 2005)	Year on year increase (decrease)
Pulp and paper products	Paper	4,421,612 tons	4,587,373 tons	165,761 tons
	Paperboard	3,478,292	3,475,368	(2,924)
	Total paper and paperboard	7,899,904	8,062,741	162,837
Converted paper products	Corrugated containers	¥104,106 million	¥107,159 million	¥3,053 million
	Other converted products	192,341	186,557	(5,784)
	Total	296,448	293,716	(2,731)

Notes:

1. Production volumes include production for internal use.
2. The amounts stated above are based on selling prices and do not include consumption tax and local consumption taxes.
3. The production amounts for pulp, wood and tree-planting and other business are negligible and have therefore been omitted.

(2) Orders Received

The Oji Paper Group (Oji Paper Co., Ltd. and its consolidated subsidiaries) undertakes contract production in certain business segments, such as real estate. However, these orders are negligible in percentage terms and have therefore been omitted.

(3) Sales

Business Segment	Millions of Yen		
	FY2004 (April 1, 2003-March 31, 2004)	FY2005 (April 1, 2004-March 31, 2005)	Year on year increase (decrease)
Pulp and paper products	704,921	697,939	(6,982)
Converted paper products	335,152	341,762	6,610
Wood and tree-planting	51,249	49,124	(2,125)
Other	89,112	96,314	7,202
Total	1,180,436	1,185,141	4,704

Note: The above figures do not include consumption tax and local consumption taxes.