

January 31, 2006

Summary of Consolidated Financial and Business Results
for the First Nine Months of the Year Ending March 2006

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: Yes

Fixed asset impairment accounting has been introduced in the current consolidated accounting period.

This resulted in a ¥12,850 million reduction in quarterly net income before adjustment for taxes, etc.

(3) Changes in the scope of consolidation equity method application: Yes

Consolidated subsidiary excluded: 1

2. Summary of Consolidated Business and Financial Performance in the First Nine Months of the Year Ending March 31, 2006 (April 1, 2005 – December 31, 2005)

(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 FY2006	878,020	(1.6)	52,971	(11.4)	49,814	(13.7)	12,849	(61.5)
First Nine Months of FY2005	892,526	0.3	59,758	11.7	57,697	20.6	33,364	28.6
Reference: Year ended March 2005	1,185,141		84,554		80,524		43,349	

	Net income per share	Diluted net income per share
First Nine Months of FY2006	Yen 13.10	—
First Nine Months of FY2005	32.46	—
Reference: Year ended March 2005	42.06	—

Note:

1. The percentage figures for net sales, operating profit, ordinary profit and quarterly net income represent increases (decreases) relative to the same period of the previous year.

2. For administrative reasons, changes in the scope of consolidation following the acquisition of shares in the Mori Shigyo Group in December 2005 have not been included in the summary of consolidated financial and business results for the first nine months of the year ending March 2006. These changes are reflected in the consolidated business forecasts for the year ending March 2006.

(2) Consolidated Financial Condition

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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
First Nine Months of FY2006	Millions of yen 1,738,333	Millions of yen 517,950	% 29.8	yen 516.95
First Nine Months of FY2005	1,634,354	479,259	29.3	473.91
Reference: Year ended March 2005	1,606,171	489,941	30.5	484.50

3. Consolidated Forecasts for the Year Ending March 2006 (April 1, 2005–March 31, 2006)

Results are expected to be in line with the performance forecasts published on October 28, 2005, and those forecasts remain unchanged.

Reference: Forecasts Published on October 28, 2005

	Net sales	Ordinary profit	Net income
Full Year	Millions of yen 1,235,000	Millions of yen 78,000	Millions of yen 30,000

Reference: The consolidated net income per share forecast for the full year is ¥30.31.

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.

4. Qualitative Information Concerning Business Performance

(1) Overview of the First Nine Months of the Year Ending March 31, 2006

A number of factors injected instability into Japan's economic situation during the third quarter, including rising crude oil prices and the weakness of the yen in the second half of the current year. However, there were clear signs that the economy had shifted from a plateau to a recovery path, aided by increased capital investment resulting from buoyant business performance, and by firm trends in consumer spending as a result of a gradual improvement in worker incomes.

In the pulp and paper industry, demand for paper and paperboard remained generally firm, but the business environment remained harsh because of massive high costs for fuel and raw materials. The Oji Group worked dynamically to raise its earnings and made significant progress with strategies that included powerful cost-cutting measures affecting all aspects of its activities, as well as the expansion of marketing resources through closer collaboration among group companies. Unfortunately these efforts were outweighed by the impact of high fuel and raw material cost, with the result that consolidated ordinary profit was 13.7% lower than the same period in the previous accounting period. Consolidated quarterly net income was also sharply lower because of special losses resulting from the application of impairment accounting to fixed assets.

The results for the first nine months (April 1–December 31, 2005)

Consolidated net sales:	¥878,020 million (1.6% decline)
Consolidated operating profit:	¥52,971 million (11.4% decline)
Consolidated ordinary profit:	¥49,814 million (13.7% decline)
Consolidated net income:	¥12,849 million (61.5% decline)

(2) Segment Overview

Pulp and Paper Products Division

- General Papers

Domestic sales of newsprint remained firm, but there was a decline in export sales. In the printing paper category, Oji recorded healthy domestic sales of lightweight coated papers for commercial printing, such as flyers and catalogs. However, slow sales of magazines and books reflected in reduced demands for non-coated papers, while demands for coated papers was also eroded by a decline in demands for high-quality printed items. Prices, especially for market-led products, tended to be weak.

- Packaging Papers

Sales of packaging papers remained static and prices weakened.

- Miscellaneous Papers

Sales of sanitary paper products, tissue papers and toilet rolls sharply increased. Prices declined due to the deteriorating market conditions.

- Paperboards

Sales of containerboards slightly increased and prices remained static.

Domestic sales of paperboards and high-grade paperboards remained firm, but export sales were static.

The results for this segment were as follows.

Consolidated net sales:	¥518,024 million (2.0% decline)
Consolidated operating profit:	¥34,022 million (16.1% decline)

Converted Paper Products

- Corrugated Containers (Corrugated Sheets and Boxes)

There was a small increase in sales of corrugated containers. Prices remained static.

- Other Converted Paper Products (Paperware, Thermal Papers, Adhesive Papers, Paper Diapers, etc.)

Export sales of thermal papers declined and prices remained static.

Sales of paper diapers for both infants and adults increased. Prices of products for infants tended to be weak.

The results for this segment were as follows.

Consolidated net sales:	¥260,367 million (1.1% decline)
Consolidated operating profit:	¥11,324 million (8.5% decline)

Wood and Tree-Planting

Wood sales declined, partly because of reduced order, however cost-cutting measures contributed to the results for this segment, as shown below.

Consolidated net sales:	¥34,107 million (8.5% decline)
Consolidated operating profit:	¥1,421 million (117.8% increase)

Other Activities

The results for this segment were as follows.

Consolidated net sales:	¥65,522 million (2.9% increase)
Consolidated operating profit:	¥6,203 million (0.8% increase)

(1) Summary of Consolidated Balance Sheet

Millions of yen

	Previous First Nine Months (December 31, 2004)	Current First Nine Months (December 31, 2005)	Previous Fiscal Year (March 31, 2005)
ASSETS			
Current Assets:	526,214	528,934	498,966
Cash and bank deposits	35,287	40,170	44,769
Accounts receivables—trade	302,982	292,367	276,345
Inventories	136,775	146,163	136,469
Other	51,168	50,232	41,381
Fixed Assets:	1,108,139	1,209,398	1,107,204
Property, plant and equipment	873,255	862,687	871,415
Intangible fixed assets	11,042	13,443	10,641
Investments and other assets	223,842	333,267	225,148
Total assets	1,634,354	1,738,333	1,606,171
LIABILITIES			
Current Liabilities:	617,411	659,797	589,336
Accounts payables—trade	208,603	209,122	183,499
Short-term bank loans	217,854	212,270	210,447
Commercial paper	94,000	150,000	95,000
Current portion of debentures	20,000	—	20,000
Other	76,953	88,404	80,389
Non-Current Liabilities:	531,513	554,370	520,849
Debentures	160,000	160,000	160,000
Long-term bank loans	247,721	254,931	241,450
Other	123,791	139,439	119,399
Total liabilities	1,148,924	1,214,167	1,110,186
MINORITY INTERESTS			
Minority interests in consolidated subsidiaries	6,170	6,214	6,043
SHAREHOLDERS' EQUITY			
Common stock	103,880	103,880	103,880
Capital surplus	110,178	112,795	110,179
Retained earnings	258,029	267,662	267,855
Revaluation of land	6,466	3,825	6,614
Other valuation of securities	33,433	65,450	35,669
Foreign currency translation adjustment	(4,903)	(1,024)	(6,045)
Treasury stock	(27,826)	(34,639)	(28,212)
Total shareholders' equity	479,259	517,950	489,941
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,634,354	1,738,333	1,606,171

(2) Summary of Consolidated Statements of Income

	Millions of yen		
	Previous First Nine Months (April 1, 2004 to December 31, 2004)	Current First Nine Months (April 1, 2005 to December 31, 2005)	Previous Fiscal Year (April 1, 2004 to March 31, 2005)
Net sales	892,526	878,020	1,185,141
Cost of sales	662,490	663,314	880,343
Gross profit	230,035	214,706	304,797
Selling, general and administrative expenses	170,277	161,735	220,243
Operating profit	59,758	52,971	84,554
Non-operating profit	7,999	5,356	8,560
Interest and dividends income	1,728	2,201	2,041
Equity in earning of affiliates	2,896	190	2,272
Lease income	745	777	1,032
Others	2,629	2,187	3,213
Non-operating expenses	10,061	8,513	12,589
Interest expense and discount charges	7,577	6,995	9,866
Miscellaneous losses	2,483	1,518	2,722
Ordinary profit	57,697	49,814	80,524
Extraordinary gains	269	198	686
Gain on sale of fixed assets	269	159	187
Gain on sale of investments in securities	—	38	498
Extraordinary losses	7,982	26,211	14,035
Impairment losses	—	12,850	—
Loss on retirement of fixed assets	3,646	3,684	7,453
Special retirement benefits	2,713	5,254	4,100
Loss on termination of project	492	—	824
Loss on closure factory	—	1,695	—
Others	1,130	2,726	1,656
Income before income taxes.	49,984	23,801	67,175
Corporate tax, resident tax and enterprise tax	16,155	10,699	23,353
Minority interests in net income (loss) of consolidated subsidiaries	(465)	(252)	(472)
Net income	33,364	12,849	43,349

(3) Segment Information

1. Segment Information by Business Domain

First nine months of previous 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							
(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

First nine months of current fiscal year (April 1, 2005 – December 31, 2005)

Millions of yen

	Pulp and paper products	Converted paper products	Wood and tree-planting	Others	Total	Elimination or corporate	Consolidated total
I. Sales							
(1) Sales to customers	518,024	260,367	34,107	65,522	878,020	—	878,020
(2) Intra-group sales between segments or transfers	39,544	4,434	21,740	89,805	155,524	(155,524)	—
Total	557,568	264,801	55,847	155,327	1,033,544	(155,524)	878,020
Operating expenses	523,546	253,476	54,426	149,124	980,573	(155,524)	825,049
Operating profit	34,022	11,324	1,421	6,203	52,971	—	52,971

Previous fiscal year (April 1, 2004 – March 31, 2005)

Millions of yen

	Pulp and paper products	Converted paper products	Wood and tree-planting	Others	Total	Elimination or corporate	Consolidated total
I. 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

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, sanitary papers, miscellaneous papers, containerboard, boxboard, pulp, etc.
 - Converted paper products: 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.

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.