

Preliminary Quick Report on Business Results for the Year Ended March 31, 2006 (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 and Osaka Markets

Tokyo

Shoichiro Suzuki, President & Chief Executive Officer

Takashi Ishida, Corporate Officer, Corporate Administration Division

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April 28, 2006

Results for the Year Ended March 31, 2006 (April 1, 2005– March 31, 2006)

(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 2006	1,213,881	2.4	73,941	(12.6)	70,722	(12.2)
March 2005	1,185,141	0.4	84,554	14.5	80,524	18.8

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 2006	21,024	(51.5)	21.15	-	4.1	4.2	5.8
March 2005	43,349	38.6	42.06	-	9.0	5.0	6.8

Notes:

① Equity in earnings (losses) of affiliates:

Year ended March 2006: ¥1,194 million

Year ended March 2005: ¥2,272 million

② Average number of outstanding shares for the period (consolidated):

Year ended March 2006: 981,587,917 shares

Year ended March 2005: 1,023,953,677 shares

③ The accounting method has been changed.

▪ Figures shown in percentage under Net sales, Operating profit, Ordinary profit and Net income are increases (decreases) ratios compared to the previous year.

(2) Consolidated Financial Condition

Year ended	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
March 2006	1,748,547	527,875	30.2	533.38
March 2005	1,606,171	489,941	30.5	484.50

Note: Number of outstanding shares at term end (consolidated):

Year ended March 2006: 989,183,388 shares

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

(3) Consolidated Cash Flows

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 2006	112,307	(106,637)	(12,874)	39,601
March 2005	135,769	(67,949)	(55,438)	44,521

(4) Scope of Consolidation and Equity Method Application

Number of consolidated subsidiaries: 80

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

Number of affiliated companies to which the equity method applies: 16

(5) Changes in Scope of Consolidation and Equity Method Application

Consolidated companies:

New: 20

Excluded: 5

Equity method:

New: 1

Excluded: None

Forecasts for Year Ending March 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Ordinary profit	Net income
	Millions of Yen	Millions of Yen	Millions of Yen
Interim	630,000	26,500	6,000
Full Year	1,280,000	71,500	31,500

Reference: The consolidated net income per share forecast for the full year is ¥31.84

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, 2006
Consolidated Business Results

(¥100 million)

		Year ended March 31, 2006		Year ending March 31, 2007 (forecasts)	
			Year on year net increase(decrease)		Year on year net increase(decrease)
Net Sales	Pulp & paper products	6,851	(128)	7,030	179
	Converted paper products	3,831	413	4,460	629
	Wood and tree-planting	439	(52)	440	1
	Other activities	1,018	55	870	(148)
Total		12,139	288	12,800	661
Operating profit		739	(107)	750	11
Ordinary profit		707	(98)	715	8
Extraordinary gain (loss)		(316)	(183)	(173)	143
Income taxes, etc		181	(58)	227	46
Net income		210	(223)	315	105
Exchange rate (¥/US\$)		113	6	115	2
Depreciation (¥100 million)		786	5	827	41
Capital expenditure (¥100 million)		958	213	1,348	390

	March 31, 2006		March 31, 2007 (forecasts)	
		Year on year increase(decrease)*		Year on year increase(decrease)
Interest-bearing debt (including notes discounted) (¥100 million)	7,762	483	8,823	1,061

	Year on year increase(decrease)*		Year on year increase(decrease)	
Employees at end of period	20,223	1,589	19,712	(511)
(Employees in Japan)	18,593	1,150	18,028	(565)

*Note: The above figures of year on year increase(decrease) are net increases(decreases) compared with the results for the year ended March 31, 2005.

Consolidated Financial Position (¥100 million)

	March 31, 2006	
		Year on year increase(decrease)*
Total assets	17,485	1,423
Shareholders' equity	5,279	380

*Note: The above figures of year on year increase(decrease) are net increases(decreases) compared with the results for the year ended March 31, 2005.

Consolidated Cash Flows (¥100 million)

	Year ended March 31, 2006	
		Year on year increase (decrease)
Cash flows from operating activities	1,123	(235)
Cash flows from investing activities	(1,066)	(387)
Cash flows from financing activities	(129)	425

Consolidated Financial Statements

Consolidated Balance Sheets

Millions of Yen

	FY2005 (March 31, 2005)	FY2006 (March 31, 2006)	Year on year net Increase(decrease)
ASSETS			
Current Assets:	498,966	517,826	18,860
Cash and bank deposits	44,769	39,825	(4,944)
Accounts receivable—trade	276,345	295,637	19,291
Marketable securities	49	0	(48)
Inventories	136,469	142,572	6,103
Deferred tax assets	16,210	13,224	(2,985)
Short-term loans	11,366	13,348	1,981
Accounts receivable—other	8,395	9,403	1,007
Other	6,455	7,529	1,074
Allowance for doubtful accounts	(1,094)	(3,714)	(2,620)
Fixed Assets:	1,107,204	1,230,720	123,516
Property, plant and equipment	871,415	890,835	19,420
Buildings and structures	215,014	211,479	(3,534)
Machinery and automobiles	351,797	365,361	13,563
Tools, fixtures	8,265	8,033	(232)
Land	218,479	229,082	10,602
Forests	16,759	16,605	(154)
Afforestation	42,721	40,229	(2,492)
Construction in progress	18,376	20,044	1,667
Intangible assets	10,641	26,694	16,053
Leasehold	2,425	2,249	(175)
Consolidation adjustment accounts	480	15,044	14,564
Other	7,735	9,400	1,664
Investments and other assets	225,148	313,190	88,042
Investments in securities	197,573	283,897	86,324
Long-term loans	6,907	7,675	767
Long-term prepaid expense	3,110	3,621	510
Deferred tax assets	9,834	10,962	1,128
Other	9,349	9,198	(151)
Allowance for doubtful accounts	(1,628)	(2,165)	(537)
Total assets	1,606,171	1,748,547	142,376

	Millions of Yen		
	FY2005 (March 31, 2005)	FY2006 (March 31, 2006)	Year on year net Increase(decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:	589,336	715,003	125,666
Accounts payable— trade	183,499	206,268	22,768
Short-term bank loans	210,447	248,733	38,286
Commercial paper	95,000	134,000	39,000
Current portion of debentures	20,000	40,000	20,000
Accounts payable— other	14,633	23,048	8,414
Accrued expenses	45,556	46,411	854
Income taxes payable, etc.	12,201	8,875	(3,326)
Other	7,997	7,666	(331)
Non-Current Liabilities:	520,849	497,886	(22,963)
Debentures	160,000	120,000	(40,000)
Long-term bank loans	241,450	232,436	(9,013)
Deferred tax liabilities	35,141	66,046	30,905
Deferred tax liabilities on unrealized gain	8,176	11,457	3,280
Accrued retirement benefits	63,374	59,980	(3,394)
Accrued retirement bonuses to directors	2,531	2,850	319
Accrued provision for environmental safety measures	-	1,143	1,143
Reserves for special repairs	144	102	(41)
Other	10,031	3,867	(6,164)
Total liabilities	1,110,186	1,212,889	102,073
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES			
Minority Interests in consolidated subsidiaries	6,043	7,782	1,738
SHAREHOLDERS' EQUITY			
Common stock	103,880	103,880	-
Capital surplus	110,179	112,957	2,778
Retained earnings	267,855	275,411	7,556
Revaluation of land	6,614	3,823	(2,791)
Other valuation of securities	35,669	73,735	38,065
Foreign currency translation adjustment	(6,045)	(9)	6,036
Treasury stock	(28,212)	(41,923)	(13,711)
Total shareholders' equity	489,941	527,875	37,934
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,606,171	1,748,547	142,376

Consolidated Statements of Income

Millions of Yen

	FY2005 (April 1, 2004– March 31, 2005)	FY2006 (April 1, 2005– March 31, 2006)	Year on year net Increase(decrease)
Net sales	1,185,141	1,213,881	28,740
Cost of sales	880,343	918,281	37,938
Gross Profit	304,797	295,600	(9,197)
Selling, general and administrative expenses	220,243	221,658	1,415
Operating profit	84,554	73,941	(10,612)
Non-operating income	8,560	8,883	323
Interest and dividends income	2,041	3,175	1,133
Equity in earnings of affiliates	2,272	1,194	(1,077)
Lease income	1,032	1,464	431
Others	3,213	3,049	(164)
Non-operating expenses	12,589	12,102	(486)
Interest expense and discount charges	9,866	8,916	(950)
Equity in losses of affiliates	-	-	-
Others	2,722	3,186	463
Ordinary profit	80,524	70,722	(9,801)
Extraordinary gain	686	2,925	2,239
Gain on sale of fixed assets	187	2,785	2,597
Gain on sale of investments in securities	498	140	(358)
Extraordinary losses	14,035	34,511	20,475
Impairment losses	-	16,380	16,380
Loss on retirement of fixed assets	7,453	6,362	(1,091)
Special retirement benefits	4,100	5,823	1,723
Provision for environmental safety measures	-	1,364	1,364
Loss on closure of factory	-	988	988
Others	2,481	3,592	1,110
Income before income taxes and minority interests	67,175	39,137	(28,038)
Corporate tax, resident taxes and enterprise tax	13,388	13,138	(250)
Deferred taxes	9,964	4,672	(5,292)
Minority interests in net profit (loss) of consolidated subsidiaries	472	301	(170)
Net income	43,349	21,024	(22,324)