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Summary of Consolidated Financial and Business Results
for the First Nine Months of the Year Ending March 2007

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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: No

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

- Affiliated subsidiary excluded: 1 company

2. Summary of Consolidated Financial and Business Performance for the First Nine Months of the Year Ending March 31, 2007 (April 1, 2006–December 31, 2006)

(1) Consolidated Business Results

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Nine Months of FY2007	953,346	8.6	46,801	(11.6)	47,058	(5.5)
First Nine Months of FY2006	878,020	(1.6)	52,971	(11.4)	49,814	(13.7)
Reference: Year ended March 2006	1,213,881		73,941		70,722	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First Nine Months of FY2007	16,270	26.6	16.45	16.45
First Nine Months of FY2006	12,849	(61.5)	13.10	—
Reference: Year ended March 2006	21,024		21.15	—

Note:

Figures shown in percentage under Net sales, Operating profit, Ordinary profit and Net income are increases/decreases ratios compared with the previous period.

(2) Consolidated Financial Condition

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

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
First Nine Months of FY2007	1,803,752	528,883	28.9	526.77
First Nine Months of FY2006	1,738,333	517,950	29.8	516.95
Reference: Year ended March 2006	1,748,547	527,875	30.2	533.38

Note:

Minority interests are not included in total net assets for the first nine months of FY2006 and for the year ended March 2006.

(3) Consolidated Cash Flows

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

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
First Nine Months of FY2007	Millions of yen 22,528	Millions of yen (58,501)	Millions of yen 31,674	Millions of yen 35,666
First Nine Months of FY2006	—	—	—	—
Reference: Year ended March 2006	112,307	(106,637)	(12,874)	39,601

Note:

Disclosure of consolidated cash flows in qualitative summary has been taken into effect from the first quarter of FY2007. Performance for the first nine months of FY2006 is not stated.

3. Consolidated Forecasts for the Year Ending March 2007 (April 1, 2006–March 31, 2007)

Forecasts published on October 27, 2006 have been revised, due to decline in sales, fluctuations in raw material costs and etc.

	Net sales	Ordinary profit	Net income
Revised Forecast	Millions of yen 1,270,000	Millions of yen 68,000	Millions of yen 27,000
Previous Forecast (Published October 27, 2006)	1,290,000	71,500	30,000

Reference: The consolidated net income per share forecast for the full year is ¥27.32

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 Ending March 31, 2007

Japan's economic situation during the first nine months, increase in capital investment and gradual improvement in workers income contributed to strong consumer spending which continued to lead to a recovery path for Japan's economy.

In the pulp and paper industry, despite the improvement in Japan's economy, 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 5.5% lower than the same period in the previous accounting period. On one hand, special retirement benefits were accounted to extraordinary losses which occurred from revision of the employee transfer system and gain on sale of investments in securities were accounted to extraordinary gains on the other. This led to a 26.6% increase in net income compared with the previous accounting period.

Results for the first nine months (April 1, 2006–December 31, 2006) of the current business year were as follows.

Consolidated net sales:	¥953,346 million (8.6% increase)
Consolidated operating profit:	¥46,801 million (11.6% decline)
Consolidated ordinary profit:	¥47,058 million (5.5% decline)
Consolidated net income:	¥16,270 million (26.6% increase)

(2) Segment Overview

Pulp and Paper Products Division

- General Papers

Domestic sales of newsprint remained static, but export sales declined. In the printing paper category, Oji recorded healthy on domestic sales for commercial printing, such as flyers and catalogs, but sales of uncoated paper declined due to reduced pages of magazines and falling of circulations. Price reconstructions are starting to take place on market led products.

- Packaging Papers

Sales of export packaging papers were in good condition. Price reconstructions that were taken place this summer on market led products, partly penetrated in the market.

- Miscellaneous Papers

Sales of sanitary paper products, such as tissue papers and toilet rolls declined, but prices slightly increased.

- Paperboards

Sales of containerboards for crops, declined due to decline of demands. Price reconstructions that were taken place this spring, penetrated entirely.

Sales of domestic and export paperboards, high-grade paperboards were sluggish. Price reconstructions that were taken place this spring, penetrated entirely.

The results for this segment were as follows.

Consolidated net sales:	¥518,536 million (0.1% increase)
Consolidated operating profit:	¥28,385 million (16.6% decline)

Converted Paper Products

- Corrugated Containers (Corrugated Sheets and Boxes)

Due to the consolidation of the Mori Shigyo Group that was carried out last December, sales increased drastically.

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

Sales of domestic thermal papers declined, but sales of export thermal papers increased and that lead to static sales of other converted paper products overall.

Sales of disposable diapers for infants declined, but disposable diapers for adults increased.

The results for this segment were as follows.

Consolidated net sales:	¥334,893 million (28.6% increase)
Consolidated operating profit:	¥10,200 million (9.9% decline)

Wood and Tree-Planting

Increased order of wood sales and cost cutting measures contributed to the results for this segment, as shown below.

Consolidated net sales:	¥36,107 million (5.9% increase)
Consolidated operating profit:	¥1,462 million (2.9% increase)

Other Activities

The results for this segment were as follows.

Consolidated net sales:	¥63,808 million (2.6% decline)
Consolidated operating profit:	¥6,752 million (8.9% increase)

(3) Summary of Consolidated Balance Sheet

	Millions of yen		
	Previous First Nine Months (December 31, 2005)	Current First Nine Months (December 31, 2006)	Previous Fiscal Year (March 31, 2006)
ASSETS			
Current Assets:	528,934	587,917	517,826
Cash and bank deposits	40,170	36,254	39,825
Accounts receivables—trade	292,367	353,181	295,637
Inventories	146,163	153,242	142,572
Other	50,232	45,239	39,791
Fixed Assets:	1,209,398	1,215,834	1,230,720
Tangible fixed assets	862,687	902,804	890,835
Intangible fixed assets	13,443	24,843	26,694
Other	333,267	288,187	313,190
Total assets	1,738,333	1,803,752	1,748,547
LIABILITIES			
Current Liabilities:	659,797	757,228	715,003
Accounts payables—trade	209,122	234,733	206,268
Short-term bank loans	212,270	238,375	248,733
Commercial paper	150,000	132,000	134,000
Current portion of debentures	—	60,000	40,000
Other	88,404	92,119	86,001
Non-Current Liabilities:	554,370	517,639	497,886
Debentures	160,000	100,000	120,000
Long-term bank loans	254,931	290,032	232,436
Other	139,439	127,607	145,449
Total liabilities	1,214,167	1,274,868	1,212,889
MINORITY INTERESTS			
Minority interests in consolidated subsidiaries	6,214	—	7,782
SHAREHOLDERS' EQUITY			
Common stock	103,880	—	103,880
Capital surplus	112,795	—	112,957
Retained earnings	267,662	—	275,411
Revaluation of land	3,825	—	3,823
Other valuation of securities	65,450	—	73,735
Foreign currency translation adjustment	(1,024)	—	(9)
Treasury stock	(34,639)	—	(41,923)
Total shareholders' equity	517,950	—	527,875
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,738,333	—	1,748,547

NET ASSETS			
Shareholders' Equity	—	454,403	—
Common stock	—	103,880	—
Capital surplus	—	112,963	—
Retained earnings	—	280,034	—
Treasury stock	—	(42,475)	—
Adjustments for valuation, foreign currency translation and others	—	66,205	—
Other valuation of securities	—	58,169	—
Revaluation of land	—	3,823	—
Foreign currency translation adjustment	—	4,213	—
Subscription right	—	40	—
Minority interests in consolidated subsidiaries	—	8,233	—
Total net assets	—	528,883	—
Total liabilities and net assets	—	1,803,752	—

(4) Summary of Consolidated Statements of Income

Millions of yen

	Previous First Nine Months (April 1, 2005 to December 31, 2005)	Current First Nine Months (April 1, 2006 to December 31, 2006)	Previous Fiscal Year (April 1, 2005 to March 31, 2006)
Net sales	878,020	953,346	1,213,881
Cost of sales	663,314	732,129	918,281
Gross profit	214,706	221,217	295,600
Selling, general and administrative expenses	161,735	174,415	221,658
Operating profit	52,971	46,801	73,941
Non-operating profit	5,356	9,576	8,883
Interest and dividends income	2,201	2,765	3,175
Equity in earning of affiliates	190	1,433	1,194
Lease income	777	1,008	1,464
Other	2,187	4,368	3,049
Non-operating expenses	8,513	9,318	12,102
Interest expense	6,995	7,364	8,916
Miscellaneous losses	1,518	1,953	3,186
Ordinary profit	49,814	47,058	70,722
Extraordinary gains	198	9,472	2,925
Gain on sale of fixed assets	159	1,359	2,785
Gain on sale of investments in securities	38	8,112	140
Extraordinary losses	26,211	25,177	34,511
Special retirement benefits	5,254	16,610	5,823
Loss on disposal of fixed assets	3,684	5,264	6,362
Takeover bid related expenses	—	976	—
Impairment losses	12,850	845	16,380
Other	4,422	1,481	5,944
Income before income taxes	23,801	31,353	39,137
Corporate tax, resident tax and enterprise tax	10,669	14,925	17,810
Minority interests in net income of consolidated subsidiaries	252	158	301
Net income	12,849	16,270	21,024

(5) Summary of Consolidated Statements of Cash Flows

	Millions of yen	
	Current First Nine Months (April 1, 2006 to December 31, 2006)	Previous Fiscal Year (April 1, 2005 to March 31, 2006)
Cash Flows from Operating Activities:		
Income before income taxes and minority interests	31,353	39,137
Depreciation and amortization	60,673	79,404
Impairment losses	845	16,380
Decrease in accrued retirement benefits	(15,793)	(4,220)
Interest and dividend income	(2,765)	(3,175)
Interest expenses	7,364	8,916
Foreign exchange gain	(668)	(542)
Equity in gains of affiliates	(1,433)	(1,194)
Gain on sale of investments in securities	(8,112)	(140)
Loss on write-down of investments in securities	663	707
Loss on disposal of fixed assets	5,264	6,362
Gain on sale of fixed assets	(1,359)	(2,785)
Decrease (increase) in trade receivables	(56,738)	4,555
Increase in inventories	(10,114)	(2,319)
Increase in trade payables	30,088	4,590
Other	99	(8,578)
Total	39,368	137,098
Interest and dividends received	3,028	3,423
Interest paid	(7,108)	(9,003)
Income taxes paid	(12,760)	(19,210)
Net cash provided by operating activities	22,528	112,307
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	-	48
Acquisition of intangible fixed assets	(72,360)	(89,920)
Proceeds from sale of intangible fixed assets	3,272	10,718
Purchase of investments securities	(2,199)	(12,656)
Proceeds from sale of investments securities	12,894	1,459
Acquisition of stocks of consolidated subsidiaries due to change in the scope of consolidation	-	(10,965)
Net decrease (increase) in collection of loans	614	(3,142)
Other	(722)	(2,180)
Net cash used in investing activities	(58,501)	(106,637)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term bank loans	(896)	5,921
Net increase (decrease) in commercial paper	(2,000)	39,000
Net increase in long-term bank loans	46,779	9,251
Redemption of debentures	-	(20,000)
Cash dividends paid by the Company	(11,881)	(11,828)
Acquisition of treasury stock	(354)	(35,229)
Other	26	8
Net cash used in financing activities	31,674	(12,874)
Effect of foreign currency translation on cash and cash equivalents	330	1,480
Net decrease in cash and cash equivalents	(3,967)	(5,723)
Cash and cash equivalents at beginning of period	39,601	44,521
Increase in cash and cash equivalents due to merger of unconsolidated subsidiaries	33	-
Increase in cash and cash equivalents due to inclusions of subsidiaries in consolidation	-	975
Decrease of cash and cash equivalents due to exclusions of subsidiaries from consolidation	-	(172)
Cash and cash equivalents at end of period	35,666	39,601

(6) Segment Information

1. Segment Information by Business Domain

Previous First Nine Months (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 outside 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

Current First Nine Months (April 1, 2006–December 31, 2006)

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 outside customers	518,536	334,893	36,107	63,808	953,346	—	953,346
(2) Intra-group sales between segments or transfers	53,017	1,563	23,067	95,492	173,141	(173,141)	—
Total	571,554	336,547	59,174	159,301	1,126,487	(173,141)	953,346
Operating expenses	543,168	326,256	57,712	152,548	1,079,686	(173,141)	906,545
Operating profit	28,385	10,200	1,462	6,752	46,801	(—)	46,801

Reference: Previous Fiscal Year (April 1, 2005–March 31, 2006)

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 outside customers	685,076	383,115	43,909	101,780	1,213,881	—	1,213,881
(2) Intra-group sales between segments or transfers	56,368	6,976	28,443	120,327	212,025	(212,025)	—
Total	741,445	390,092	72,352	222,018	1,425,907	(212,025)	1,213,881
Operating expenses	703,004	374,353	70,586	204,021	1,351,966	(212,025)	1,139,940
Operating profit	38,440	15,739	1,765	17,996	73,941	(—)	73,941

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, 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, and landscaping

Others: 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.