

**Summary of Consolidated Financial and Business Results**  
**for the Year Ended March 2007**

**Oji Paper Co., LTD.**

(Code No. 3861 Tokyo and Osaka Stock Exchange)

URL: <http://www.ojipaper.co.jp/>

Representative:

Kazuhisa Shinoda, President &amp; Chief Executive Officer

Contact:

Toshikatsu Shinomiya, Corporate Officer, Corporate Administration Division

Telephone:

03-3563-1111 +81-3-3563-1111(overseas)

General meeting of stockholders to be held: June 28, 2007

Securities, stocks and bonds report to presented: June 28, 2007

Start of dividend payout: June 6, 2007

※Expected dates

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

**1. Results for the Year Ended March 31, 2007 (April 1, 2006 - March 31, 2007)**

## (1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the previous year)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2006	1,265,735	4.3	63,186	(14.5)	64,110	(9.3)	17,150	(18.4)
FY 2005	1,213,881	2.4	73,941	(12.6)	70,722	(12.2)	21,024	(51.5)

	Net income per share	Diluted net income per share	to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY 2006	17.35	17.34	3.3	3.6	5.0
FY 2005	21.15	-	4.1	4.2	6.1

Note: Equity in earning of affiliates FY 2006 3,107 million yen FY 2005 1,194 million yen

## (2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY 2006	1,790,515	523,631	29.0	526.36
FY 2005	1,748,547	527,875	30.2	533.38

Note: Shareholders' equity FY 2006 520,111 million yen FY 2005 - million yen

## (3) Consolidated Cash Flows

	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
FY 2006	59,285	(92,035)	31,042	38,550
FY 2005	112,307	(106,637)	(12,874)	39,601

**2. Dividend Conditions**

	Dividend per stock			Total dividend (Full year) Millions of yen	Dividend payout ratio (Consolidated) %	Dividend on net assets (Consolidated) %
	(Basic date) End of midterm yen	End of FY yen	Full year yen			
FY 2005	6.00	6.00	12.00	11,775	56.7	2.4
FY 2006	6.00	6.00	12.00	12,028	69.2	2.3
FY 2007 (Forecast)	6.00	6.00	12.00	-	62.4	-

### 3. Consolidated Forecasts for the Year Ending March 2008 (April 1, 2007-March 31, 2008)

(Figures shown in percentage are ratios compared to the previous same period.)

	Net sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	640,000	2.9	16,500	(39.6)	15,000	(44.7)	5,000	(13.4)	5.06
Full year	1,300,000	2.7	45,000	(28.8)	42,000	(34.5)	19,000	10.8	19.23

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. In Addition

(1) Changes in scope of consolidation

Newly included: None

Excluded: None

(2) Changes in accounting methods compared with recent consolidated accounting periods

① Changes due to accounting standard reforms: Yes

② Changes besides ①: None

(3) Outstanding balance of issued stocks

① Outstanding balance of issued stocks at the end of fiscal year (Including treasury stocks)

FY 2006 1,064,381,817 FY 2005 1,064,381,817

② Outstanding balance of treasury stocks at end of fiscal year

FY 2006 76,246,000 FY 2005 75,198,429

### (Reference)

#### 1. Results for the Year Ended March 31, 2007 (April 1, 2006 - March 31, 2007)

(1) Non-consolidated Business Results

Figures shown in percentage are ratios compared to the previous year.

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2006	568,389	2.4	17,674	(19.7)	22,859	(10.3)	(10,026)	-
FY 2005	554,992	(6.3)	21,997	(40.2)	25,482	(28.2)	2,531	(88.5)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2006	(10.00)	(10.00)
FY 2005	2.42	-

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY 2006	1,417,026	420,271	29.7	419.37
FY 2005	1,403,292	460,117	32.8	458.68

Note: Shareholders' equity FY 2006 420,210 million yen FY 2005 - million yen

#### 2. Non-Consolidated Forecasts for the Year Ending March 2008 (April 1, 2007-March 31, 2008)

(Figures shown in percentage are ratios compared to the previous same period.)

	Net sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	290,000	3.7	1,000	(62.2)	4,000	(50.9)	1,000	113.2	1.01
Full year	590,000	3.8	5,500	(68.9)	8,000	(65.0)	2,000	-	2.02

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

## 1. Qualitative Information Concerning Business Performance

### (1) Overview of the year ended March 31, 2007

During FY 2006, 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, business environment remained harsh because of massive high costs for fuel and raw materials.

Under these conditions, Oji Paper Group worked drastically to raise earnings by installing new-energy boilers, reducing workforce and introducing new products into the market etc..

Results for the Year Ended March 2007 (April 1, 2006-March 31, 2007) were as follows.

Consolidated net sales:	¥1,265,735 million (4.3% increase)
Consolidated operating profit:	¥63,186 million (14.5% decline)
Consolidated ordinary profit:	¥64,110 million (9.3% decline)
Consolidated net income:	¥17,150 million (18.4% decline)

### (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 sales for commercial printing, such as flyers and catalogs. Sales of uncoated paper declined due to reduced pages and circulations of magazines. Price reconstructions that were taken place on market led products penetrated in the market.

##### •Packaging Papers

Sales of packaging papers in the domestic market slightly increased. Also, export packaging papers to Asia were in good condition. Price reconstructions that were taken place last year on market led products penetrated in the market.

##### •Sanitary Papers and Miscellaneous Papers

Sales of sanitary paper products, such as tissue papers and toilet rolls declined, but prices slightly increased. Sales of miscellaneous papers remained static. Price reconstructions penetrated partly.

##### •Paperboards

Sales of containerboards declined due to bad weather effecting crops and fewer demands in the market. Price reconstructions that were taken place penetrated in the market.

Sales of domestic and export paperboards, high-grade paperboards were sluggish. Price reconstructions that were taken place penetrated partly in the domestic market.

The results for this segment were as follows.

Consolidated net sales:	¥689,544 million (0.7% increase)
Consolidated operating profit:	¥35,540 million (7.5% decline)

#### Converted Paper Products

##### • Corrugated Containers (Corrugated Sheets and Boxes)

Sales of corrugated containers remained static. Price reconstructions that were taken place on corrugated sheets, effected by the price hikes on corrugating medium boards penetrated almost fully.

We were not able to achieve our price reconstruction target on corrugated boxes.

##### • 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. Prices remained static.

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

The results for this segment were as follows.

Consolidated net sales:	¥438,617 million (14.5% increase)
Consolidated operating profit:	¥14,215 million (9.7% decline)

#### Wood and Tree Planting

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

Consolidated net sales:	¥49,032 million (11.7% increase)
Consolidated operating profit:	¥2,308 million (30.7% increase)

#### Other Activities

Decrease in sales of real estates effected in the following results shown below.

Consolidated net sales:	¥88,541 million (13.0% decline)
Consolidated operating profit:	¥11,112 million (38.2% decline)

## 2. Summary of Consolidated Balance Sheet

Millions of yen

	Fiscal Year 2005 (March 31, 2006)	Fiscal Year 2006 (March 31, 2007)	Year on Year Net Increase (Decrease)
<b>ASSETS</b>			
Current Assets:	517,826	576,436	58,609
Cash and bank deposits	39,825	38,729	(1,096)
Accounts receivables-trade	295,637	345,385	49,748
Marketable securities	0	0	0
Inventories	142,572	152,682	10,109
Deferred tax assets	13,224	12,359	(864)
Short-term loans	13,348	11,805	(1,542)
Accounts receivables-other	9,403	9,992	589
Other	7,529	7,724	195
Allowance for doubtful accounts	(3,714)	(2,244)	1,470
Fixed Assets:	1,230,720	1,214,079	(16,641)
Tangible fixed assets	890,835	910,095	19,259
Intangible fixed assets	26,694	24,117	(2,577)
Investments and other assets	313,190	279,866	(33,323)
Allowance for doubtful accounts	(2,165)	(1,730)	435
Total assets	1,748,547	1,790,515	41,967
<b>LIABILITIES</b>			
Current Liabilities:	715,003	720,172	5,169
Accounts payables-trade	206,268	234,906	28,638
Short-term bank loans	248,733	208,594	(40,140)
Commercial paper	134,000	164,000	30,000
Current portion of debentures	40,000	20,000	(20,000)
Other	86,000	92,670	6,671
Non-Current Liabilities	497,886	546,711	48,824
Debentures	120,000	100,000	(20,000)
Long-term bank loans	232,436	327,505	95,068
Other	145,445	119,201	(26,243)
Total liabilities	1,212,889	1,266,883	53,993
<b>MINORITY INTERESTS</b>			
Minority interests in consolidated subsidiaries	7,782	-	(7,782)
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	103,880	-	(103,880)
Capital surplus	112,957	-	(112,957)
Retained earnings	275,411	-	(275,411)
Revaluation of land	3,823	-	(3,823)
Other valuation of securities	73,735	-	(73,735)
Foreign currency translation adjustment	(9)	-	9
Treasury stock	(41,923)	-	41,923
Total shareholders' equity	527,875	-	(527,875)
Total liabilities minority interests in consolidated subsidiaries and shareholders' equity	1,748,547	-	(1,748,547)
<b>NET ASSETS</b>			
Shareholders' equity	-	454,532	454,532
Common stock	-	103,880	103,880
Capital surplus	-	112,964	112,964
Retained earnings	-	280,919	280,919
Treasury stock	-	(43,233)	(43,233)
Adjustments for valuation, foreign currency translation and others	-	65,579	65,579
Other valuation of securities	-	55,703	55,703
Revaluation of land	-	3,818	3,818
Foreign currency translation adjustment	-	5,984	5,984
Other	-	73	73
Subscription right	-	60	60
Minority interests in consolidated subsidiaries	-	3,459	3,459
Total net assets	-	523,631	523,631
Total liabilities and net assets	-	1,790,515	1,790,515

### 3. Summary of Consolidated Statements of Income

Millions of yen

	Fiscal Year 2005 (April 1, 2005 to March 31, 2006)	Fiscal Year 2006 (April 1, 2006 to March 31, 2007)	Year on Year Net Increase (Decrease)
Net sales	1,213,881	1,265,735	51,853
Cost of Sales	918,281	973,060	54,778
Gross Profit	295,600	292,675	(2,924)
Selling, general and administrative expenses	221,658	229,488	7,830
Operating profit	73,941	63,186	(10,754)
Non-operating profit	8,883	13,537	4,653
Interest and dividends income	3,175	3,576	401
Equity in earning of affiliates	1,194	3,107	1,912
Lease income	1,464	1,355	(108)
Other	3,049	5,496	2,447
Non-operating expenses	12,102	12,613	510
Interest expense	8,916	9,527	611
Miscellaneous losses	3,186	3,085	(100)
Ordinary profit	70,722	64,110	(6,612)
Extraordinary gains	2,925	11,953	9,027
Gain on sale of fixed assets	2,785	2,915	130
Gain on sale of investments in securities	140	8,677	8,537
Other	-	360	360
Extraordinary losses	34,511	39,572	5,061
Special retirement benefits	5,823	18,244	12,420
Loss on disposal of fixed assets	6,362	7,086	723
Reconstruction expenses	-	6,205	6,205
Loss on evaluation of investments in securities	707	2,954	2,246
Impairment losses	16,380	1,849	(14,531)
Takeover bid related expenses	-	976	976
Provision for environmental safety measures	1,364	931	(433)
Other	3,663	1,325	(2,337)
Income before income taxes	39,137	36,491	(2,645)
Corporate tax, resident tax and enterprise tax	13,138	15,071	1,933
Deferred taxes	4,672	4,071	(601)
Minority interests in net income of consolidated subsidiaries	301	198	(103)
Net income	21,024	17,150	(3,874)

#### 4. Summary of Consolidated Statements of Cash Flows

Millions of yen

	Fiscal Year 2005 (April 1, 2005 to March 31, 2006)	Fiscal Year 2006 (April 1, 2006 to March 31, 2007)
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes and minority interests	39,137	36,491
Depreciation and amortization	78,596	80,430
Impairment losses	16,380	1,849
Decrease (increase) in doubtful accounts	2,676	(502)
Decrease in accrued retirement benefits	(4,220)	(18,163)
Interest and dividend income	(3,175)	(3,576)
Interest expenses	8,916	9,527
Foreign exchange gain	(542)	(833)
Equity in gain of affiliates	(1,194)	(3,107)
Gain on sale of investments in securities	(140)	(8,677)
Loss on write-down of investments in securities	707	2,954
Loss on disposal of fixed assets	6,362	7,086
Gain on sale of fixed assets	(2,785)	(2,915)
Restructuring expenses	-	5,142
Decrease (increase) in trade receivables	4,555	(48,799)
Increase in inventories	(2,319)	(8,704)
Increase in trade payables	4,590	27,764
Other	(10,446)	1,258
<b>Total</b>	<b>137,098</b>	<b>77,223</b>
Interest and dividends received	3,423	3,814
Interest paid	(9,003)	(9,503)
Income taxes paid	(19,210)	(12,249)
<b>Net cash provided by operating activities</b>	<b>112,307</b>	<b>59,285</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of marketable securities	48	0
Acquisition of intangible fixed assets	(89,920)	(106,810)
Proceeds from intangible assets	10,718	6,335
Purchase of investment securities	(12,656)	(2,580)
Proceeds from sale of investment securities	1,459	13,579
Additional acquisition of stocks of consolidated subsidiaries	-	(2,444)
Acquisition of stocks of consolidated subsidiaries due to change in the scope of consolidation	(10,965)	-
Provision of loans	(3,685)	(3,676)
Collection of loans	542	3,876
Other	(2,180)	(314)
<b>Net cash used in investing activities</b>	<b>(106,637)</b>	<b>(92,035)</b>
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in short-term bank loans	5,921	(387)
Net increase in commercial paper	39,000	30,000
Borrowing of long-term bank loans	45,438	114,720
Repayments of long-term bank loans	(36,187)	(60,970)
Redemption of debentures	(20,000)	(40,000)
Cash dividends paid by the Company	(11,828)	(11,880)
Acquisition of treasury stock	(35,229)	(473)
Other	8	34
<b>Net cash used in financing activities</b>	<b>(12,874)</b>	<b>31,042</b>
Effect of foreign currency translation on cash and cash equivalents	1,480	623
<b>Net decrease in cash and cash equivalents</b>	<b>(5,723)</b>	<b>(1,083)</b>
Cash and cash equivalents at beginning of period	44,521	39,601
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)	-
<b>Cash and cash equivalents at end of period</b>	<b>39,601</b>	<b>38,550</b>