

**Summary of Consolidated Financial and Business Results**  
**for the First Quarter of the Year Ending March 2008**

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

**1. Results for the First Quarter of the Year Ending March 31, 2008 (April 1, 2007 - June 30, 2007)**  
**(Unaudited)**

## (1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2007	316,554	2.0	7,807	(42.7)	8,308	(37.0)	2,894	—
First Quarter of FY2006	310,230	8.3	13,633	(27.6)	13,186	(28.2)	(1,447)	—
Reference: Year ended March 2007	1,265,735		63,186		64,110		17,150	

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter of FY2007	2.93	2.93
First Quarter of FY2006	(1.46)	—
Reference: Year ended March 2007	17.35	17.34

## (2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
First Quarter of FY2007	1,754,732	527,105	29.8	529.84
First Quarter of FY2006	1,763,702	519,370	29.0	525.09
Reference: Year ended March 2007	1,790,515	523,631	29.0	526.36

## (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
First Quarter of FY2007	70,308	(23,435)	(47,360)	38,074
First Quarter of FY2006	(15,488)	(21,417)	33,380	36,038
Reference: Year ended March 2007	59,285	(92,035)	31,042	38,550

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

Figures below are forecasts published on April 27, 2007, and those forecasts remain unchanged.

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

	Net sales		Operating income		Ordinary income		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.

### 3. Qualitative Information Concerning Business Performance

#### (1) Overview of the first quarter of FY2007

During the first quarter of FY2007, Japanese economy continued gradual expansion, supported by increasing equipment investments and steady consumer spendings. In the pulp and paper industry, business environment remained harsh because of yen depreciation and massive high costs for fuel and raw materials.

While working on price reconstructions to counterbalance the increasing price of 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 in all of its management activities, such as energy conservation and laborsaving. Unfortunately, these efforts were outweighed by massive high costs for fuel and raw materials and increased amortization costs due to tax revision, which led to the result that consolidated ordinary income declined 37.0% compared with the same period in the previous accounting period.

Results for the first Quarter (April 1, 2007-June 30, 2007) were as follows.

Consolidated net sales:	¥316,554 million (2.0% increase)
Consolidated operating income:	¥7,807 million (42.7% decline)
Consolidated ordinary income:	¥8,308 million (37.0% decline)
Consolidated net income:	¥2,894 million ( — )

#### (2) Segment Overview

##### Pulp and Paper Products Division

###### • General Papers

Domestic sales of newsprint declined on the rebound of strong demands at the time of World Cup Soccer in 2006, but export sales increased. In the printing paper category, Oji recorded healthy on sales for commercial printing, such as flyers and catalogs. Oji worked on price reconstructions in each class.

###### • Packaging Papers

Export of packaging papers were in good condition. Price reconstructions penetrated in the market.

###### • Sanitary Papers and Miscellaneous Papers

Among sales of sanitary paper products, both tissue papers and toilet rolls declined, but prices increased.

###### • Paperboards

Sales of containerboards slightly increased and prices remained static.

Sales of paperboards and high-grade paperboards were sluggish in the domestic market, but export of high-grade paperboards mainly for Asia were in good condition. Prices remained static.

The results for this segment were as follows.

Consolidated net sales:	¥172,466 million (1.8% increase)
Consolidated operating income:	¥3,168 million (62.3% decline)

##### Converted Paper Products

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

Sales were nearly the same as last year for corrugated sheets, but sales for corrugated boxes declined. To a certain level, Oji accomplished price reconstructions effected by the price hikes on corrugating medium boards, but were not able to achieve the original target.

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

Domestic sales of thermal papers slightly declined, but export sales increased slightly. Oji worked on price reconstructions in the class.

Sales of disposable diapers increased both for infants and for adults. Prices of those for infants increased.

The results for this segment were as follows.

Consolidated net sales:	¥112,084 million (4.3% increase)
Consolidated operating income:	¥2,173 million (0.5% increase)

##### Wood and Tree Planting

Increased sales of wood and forestry products contributed to the results for this segment as shown below.

Consolidated net sales:	¥12,535 million (11.5% increase)
Consolidated operating income:	¥741 million (55.8% increase)

##### Other Activities

The results for this segment were as follows.

Consolidated net sales:	¥19,467 million (12.3% decline)
Consolidated operating income:	¥1,723 million (33.4% decline)

#### 4. Summary of Consolidated Balance Sheet (Unaudited)

Millions of yen

	Previous First Quarter (June 30, 2006)	Current First Quarter (June 30, 2007)	Previous Fiscal year (March 31,2007)
<b>ASSETS</b>			
Current Assets:	545,449	532,153	576,436
Cash and bank deposits	36,260	38,332	38,729
Accounts receivables-trade	311,636	288,891	345,385
Inventories	151,201	162,830	152,682
Other	46,351	42,099	39,639
Fixed Assets:	1,218,252	1,222,579	1,214,079
Tangible fixed assets	892,525	911,826	910,095
Intangible fixed assets	25,988	23,735	24,117
Investments and other assets	299,738	287,017	279,866
Total assets	1,763,702	1,754,732	1,790,515
<b>LIABILITIES</b>			
Current Liabilities:	763,389	681,080	720,172
Accounts payables-trade	209,669	238,621	234,906
Short-term bank loans	243,933	207,148	208,594
Commercial paper	178,000	126,000	164,000
Current portion of debentures	40,000	20,000	20,000
Other	91,787	89,310	92,671
Non-Current Liabilities:	480,941	546,546	546,711
Debentures	120,000	100,000	100,000
Long-term bank loans	232,649	326,092	327,505
Other	128,291	120,453	119,205
Total liabilities	1,244,331	1,227,627	1,266,883
<b>NET ASSETS</b>			
Shareholders' equity:	442,616	451,410	454,532
Common stock	103,880	103,880	103,880
Capital surplus	112,958	112,965	112,964
Retained earnings	267,749	277,877	280,919
Treasury stock	(41,971)	(43,313)	(43,233)
Adjustments for valuation, foreign currency translation and others:	69,051	72,071	65,579
Other valuation of securities	65,582	57,609	55,703
Deferred gains or losses on hedges	—	404	73
Revaluation of land	3,823	3,818	3,818
Foreign currency translation adjustment	(354)	10,239	5,984
Subscription right	—	81	60
Minority interests in consolidated subsidiaries	7,703	3,542	3,459
Total net assets	519,370	527,105	523,631
Total liabilities and net assets	1,763,702	1,754,732	1,790,515

## 5. Summary of Consolidated Statements of Income (Unaudited)

Millions of yen

	Previous First Quarter (April 1, 2006 to June 30, 2006)	Current First Quarter (April 1, 2007 to June 30, 2007)	Previous Fiscal Year (April 1, 2006 to March 31, 2007)
Net sales	310,230	316,554	1,265,735
Cost of Sales	238,692	249,921	973,060
Gross Profit	71,538	66,632	292,675
Selling, general and administrative expenses	57,904	58,825	229,488
Operating income	13,633	7,807	63,186
Non-operating income	2,914	3,974	13,537
Interest and dividends income	1,292	1,852	3,576
Equity in earning of affiliates	—	1,109	3,107
Lease income	351	276	1,355
Miscellaneous gains	1,270	736	5,496
Non-operating expenses	3,361	3,473	12,613
Interest expense	2,352	3,068	9,527
Equity in loss of affiliates	314	—	—
Miscellaneous losses	694	404	3,085
Ordinary income	13,186	8,308	64,110
Extraordinary gains	21	37	11,953
Gain on sale of fixed assets	21	35	2,915
Gain on sale of investments in securities	—	1	8,677
Other	—	—	360
Extraordinary losses	14,726	2,970	39,572
Special retirement benefits	13,644	1,363	18,244
Loss on disposal of fixed assets	1,081	1,046	7,086
Other	—	560	14,241
Income before income taxes	(1,519)	5,375	36,491
Corporate tax, resident tax and enterprise tax	(180)	2,394	19,142
Minority interests in net income of consolidated subsidiaries	109	86	198
Net income	(1,447)	2,894	17,150

## 6. Summary of Consolidated Statements of Cash Flows (Unaudited)

Millions of yen

	Previous First Quarter (April 1, 2006 to June 30, 2006)	Current First Quarter (April 1, 2007 to June 30, 2007)	Previous Fiscal Year (April 1, 2006 to March 31, 2007)
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	(1,519)	5,375	36,491
Depreciation and amortization	19,414	21,531	82,025
Decrease in accrued retirement benefits	(11,414)	(1,009)	(18,163)
Interest and dividend income	(1,292)	(1,852)	(3,576)
Interest expenses	2,352	3,068	9,527
Foreign exchange gain	—	(624)	(833)
Equity in gains (losses) of affiliates	314	(1,109)	(3,107)
Gain on sales of investments in securities	—	(1)	(8,677)
Loss on write-down of investments in securities	—	—	2,954
Loss on disposal of fixed assets	1,081	1,230	7,086
Gain on sales of fixed assets	(21)	(35)	(2,915)
Decrease (increase) in trade receivables	(15,934)	56,813	(48,799)
Increase in inventories	(8,520)	(8,902)	(8,704)
Increase in trade payables	5,125	5,448	27,764
Other	4,204	2,525	6,151
<b>Total</b>	<b>(6,207)</b>	<b>82,458</b>	<b>77,223</b>
Interest and dividends received	1,492	2,155	3,814
Interest paid	(2,358)	(3,073)	(9,503)
Income taxes paid	(8,415)	(11,231)	(12,249)
<b>Net cash provided by operating activities</b>	<b>(15,488)</b>	<b>70,308</b>	<b>59,285</b>
<b>Cash Flows from Investing Activities:</b>			
Acquisition of intangible fixed assets	(21,909)	(22,421)	(106,810)
Proceeds from intangible assets	1,297	610	6,335
Purchase of investment securities	(935)	(992)	(2,580)
Proceeds from sales of investment securities	17	5	13,579
Additional acquisition of stocks of consolidated subsidiaries	—	—	(2,444)
Net increase (decrease) in loans	47	(619)	199
Other	64	(17)	(314)
<b>Net cash used in investing activities</b>	<b>(21,417)</b>	<b>(23,435)</b>	<b>(92,035)</b>
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term bank loans	(2,318)	(537)	(387)
Net increase (decrease) in commercial paper	44,000	(38,000)	30,000
Net increase in long-term bank loans	(2,299)	(2,797)	53,749
Redemption of debentures	—	—	(40,000)
Cash dividends paid by the parent company	(5,943)	(5,937)	(11,880)
Acquisition of treasury stock	(56)	(91)	(473)
Other	(1)	3	34
<b>Net cash used in financing activities</b>	<b>33,380</b>	<b>(47,360)</b>	<b>31,042</b>
Effect of foreign currency translation on cash and cash equivalents	(36)	13	623
<b>Net decrease in cash and cash equivalents</b>	<b>(3,562)</b>	<b>(473)</b>	<b>(1,083)</b>
Cash and cash equivalents at beginning of period	39,601	38,550	39,601
Increase in cash and cash equivalents due to merger of unconsolidated subsidiaries	—	—	33
Decrease in cash and cash equivalents due to changes of subsidiaries in consolidation	—	(1)	—
<b>Cash and cash equivalents at end of period</b>	<b>36,038</b>	<b>38,074</b>	<b>38,550</b>