

Summary of Consolidated Financial and Business Results
for the First Quarter of the Year Ending March 2009

Oji Paper Co., LTD.URL: <http://www.ojipaper.co.jp/>

Representative:

Contact:

Telephone:

(Code No. 3861 Tokyo and Osaka Stock Exchange)

Kazuhisa Shinoda, President & Chief Executive Officer

Toshikatsu Shinomiya, Corporate Officer, Corporate Administration Division

03-3563-111 +81-3-3563-1111(overseas)

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

1. Results for the First Quarter of the Year Ending March 31, 2009 (April 1, 2008 - June 30, 2008)
(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 FY2008	336,106	—	9,494	—	9,997	—	3,598	—
First Quarter of FY2007	316,554	2.0	7,807	(42.7)	8,308	(37.0)	2,894	—

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter of FY2008	3.64	3.64
First Quarter of FY2007	2.93	2.93

(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 FY2008	1,797,693	497,978	26.9	489.06
Year ended March 2008	1,781,512	510,490	27.8	500.39

Note: Shareholders' equity 1Q of FY2008 483,727 million yen FY2007 494,973 million yen

2. Dividend Conditions

(Basic Date)	Dividend per stock				
	End of 1Q	End of 2Q	End of 3Q	End of FY2008	Yearly
FY2007	—	6.00	—	6.00	12.00
FY2008	—	—	—	—	—
FY2008 (Forecast)	—	6.00	—	6.00	12.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2009 (April 1, 2008 - March 31, 2009)

Figures below are forecasts published on April 28, 2008, 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
1Q - 2Q	680,000	—	16,500	—	16,000	—	7,500	—	7.58
Yearly	1,390,000	5.4	47,000	11.6	45,000	18.2	24,500	108.2	24.77

Note : Change in consolidated forecasts ... None

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) Application of simple accounting methods and quarterly peculiar accounting methods : Yes

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

① Changes due to accounting standard changes: Yes

② Changes besides ①: Yes

(4) Outstanding balance of issued stocks (common stock)

① Outstanding balance of issued stocks at the end of each period (Including treasury stocks)

1Q of FY2008	1,064,381,817	FY2007	1,064,381,817
--------------	---------------	--------	---------------

② Outstanding balance of treasury stocks at the end of each period

1Q of FY2008	75,281,676	FY2007	75,195,696
--------------	------------	--------	------------

③ Weighted average number of stocks during the three months ended June 30 of each year

1Q of FY2008	989,152,109	1Q of FY2007	988,068,592
--------------	-------------	--------------	-------------

1. Qualitative Information Concerning Business Performance

(1) Overview of the first quarter of FY2008

During the first quarter of FY2008, Japanese economy was sluggish and opaque affected by both anxiety for US economy recession and surging raw material price, such as crude oil.

While drastically reducing cost by increasing production efficiency in each mill, Oji Paper Group worked on additional price reconstructions to make up for increased portion of rising cost, which occurred after the price reconstruction taken place last year.

Factors above has lead to the results shown below.

Results for the first quarter (April 1, 2008 - June 30, 2008) were as follows.

Consolidated net sales:	¥ 336,106 million (6.2% increase)
Consolidated operating income:	¥ 9,494 million (21.6% increase)
Consolidated ordinary income:	¥ 9,997 million (20.3% increase)
Consolidated net income:	¥ 3,598 million (24.3% increase)

(2) Segment Overview

Pulp and Paper Products Division

•General Papers

Domestic sales of newsprint decreased mainly due to less advertisement. Export sales also decreased. Price reconstruction penetrated into the market from April of 2008.

In the printing paper category, coated, light-coated and non-coated paper recorded healthy on sales, partly because of accelerated demand before price reconstruction. Price reconstructions taken place last July penetrated into the market. Oji worked on additional price reconstruction from June of 2008.

•Packaging Papers

Sales of packaging papers slightly increased. Price remained at the level of the one reconstructed in January of 2008.

•Sanitary Papers and Miscellaneous Papers

Domestic sales of miscellaneous papers decreased, partly because of price reconstruction. Export sales remained static. Price reconstructions penetrated into the domestic market.

In sanitary paper products, sales of tissue increased while those of toilet rolls remained static. Price reconstruction taken place last October started to penetrate into the market gradually. Oji worked on additional price reconstruction from June of 2008.

•Paperboards

Sales of containerboards decreased due to weak demand for greengrocery and processed food. Price reconstructions taken place last September fully penetrated into the market.

Domestic sales of paperboards and high-grade paperboards increased, including switchover demands from other companies which withdrew from the category. Among export sales, high-grade paperboards for Asia recorded healthy. Price reconstructions of high-grade paperboards taken place in June of 2008 penetrated into the market almost fully.

The results for this segment were as follows.

Consolidated net sales:	¥ 185,956 million (7.8% increase)
Consolidated operating income:	¥ 3,599 million (13.6% increase)

Converted Paper Products

•Corrugated Containers (Corrugated Sheets and Boxes)

Sales of corrugated sheets and boxes decreased due to price reconstructions and nation-wide demand weakness. Price reconstructions taken place last July penetrated to a certain amount, which helped our earning power.

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

Sales of thermal papers were in good condition, especially in the domestic market. Prices for both domestic and export thermal papers increased.

Sales of disposable diapers for infants declined, but those for adults remained static. Price remained unchanged both for infants and for adults.

The results for this segment were as follows.

Consolidated net sales:	¥ 119,174 million (6.3% increase)
Consolidated operating income:	¥ 3,582 million (64.8% increase)

Wood and Tree Planting

The results for this segment were as follows.

Consolidated net sales:	¥10,374 million (17.2% decline)
Consolidated operating income:	¥494 million (33.4% decline)

Other Activities

The results for this segment were as follows.

Consolidated net sales:	¥20,600 million (5.8% increase)
Consolidated operating income:	¥1,818 million (5.5% increase)

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	1Q / FY2008	FY2007
	Jun 30,2008	Mar 31,2008
Assets		
Current assets		
Cash and deposits	76,023	81,201
Notes and accounts receivable-trade	305,290	296,225
Short-term investment securities	0	0
Merchandise and finished goods	93,595	89,913
Work in process	24,312	18,946
Raw materials and supplies	51,216	50,225
Other	40,035	39,777
Allowance for doubtful accounts	(1,355)	(1,354)
Total current assets	<u>589,119</u>	<u>574,936</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	203,916	204,249
Machinery, equipment and vehicles	362,746	372,862
Land	227,826	226,617
Other	123,239	111,611
Total property, plant and equipment	<u>917,729</u>	<u>915,341</u>
Intangible assets		
Goodwill	10,965	11,391
Other	12,461	23,394
Total intangible assets	<u>23,427</u>	<u>34,785</u>
Investments and other assets		
Investment securities	214,387	212,061
Other	56,710	47,828
Allowance for doubtful accounts	(3,680)	(3,441)
Total investments and other assets	<u>267,417</u>	<u>256,448</u>
Total noncurrent assets	<u>1,208,574</u>	<u>1,206,575</u>
Total assets	<u>1,797,693</u>	<u>1,781,512</u>

(Unit : Millions of yen)

	1Q / FY2008	FY2007
	Jun 30,2008	Mar 31,2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	227,580	223,634
Short-term loans payable	275,533	262,025
Commercial papers	192,000	165,000
Income taxes payable	2,363	9,646
Provision		
Other provision	1,418	1,653
Total provisions	<u>1,418</u>	<u>1,653</u>
Other	<u>77,988</u>	<u>77,536</u>
Total current liabilities	<u>776,884</u>	<u>739,496</u>
Noncurrent liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	310,503	324,635
Provision		
Provision for retirement benefits	51,912	50,726
Provision for directors' retirement benefits	1,756	1,769
Provision for environmental measures	1,797	1,800
Provision for special repairs	118	111
Total provisions	<u>55,584</u>	<u>54,408</u>
Other	<u>56,742</u>	<u>52,481</u>
Total noncurrent liabilities	<u>522,831</u>	<u>531,525</u>
Total liabilities	<u>1,299,715</u>	<u>1,271,021</u>
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	113,049	113,051
Retained earnings	276,412	281,470
Treasury stock	<u>(42,687)</u>	<u>(42,646)</u>
Total shareholders' equity	<u>450,656</u>	<u>455,756</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	33,266	27,259
Deferred gains or losses on hedges	1,469	446
Revaluation reserve for land	3,882	3,882
Foreign currency translation adjustment	<u>(5,546)</u>	<u>7,628</u>
Total valuation and translation adjustments	<u>33,071</u>	<u>39,217</u>
Subscription rights to shares	132	115
Minority interests	14,118	15,401
Total net assets	<u>497,978</u>	<u>510,490</u>
Total liabilities and net assets	<u>1,797,693</u>	<u>1,781,512</u>

Consolidated quarterly statements of income

(Unit : Millions of yen)

1Q / FY2008

Apr '08 - Jun '08

Net sales	336,106
Cost of sales	268,832
Gross profit	<u>67,274</u>
Selling, general and administrative expenses	
Freightage related expenses	31,152
Other	26,627
Total selling, general and administrative expenses	<u>57,779</u>
Operating income	<u>9,494</u>
Non-operating income	
Interest income	741
Dividends income	2,103
Equity in earnings of affiliates	1,534
Other	1,058
Total non-operating income	<u>5,438</u>
Non-operating expenses	
Interest expenses	2,812
Other	2,122
Total non-operating expenses	<u>4,934</u>
Ordinary income	<u>9,997</u>
Extraordinary income	
Gain on sales of investment securities	440
Total extraordinary income	<u>440</u>
Extraordinary loss	
Loss on valuation of inventories	1,172
Loss on retirement of noncurrent assets	719
Special retirement expenses	678
Loss on litigation	600
Other	494
Total extraordinary losses	<u>3,665</u>
Income before income taxes and minority interests	<u>6,772</u>
Income taxes-current	1,998
Income taxes-deferred	1,227
Total income taxes	<u>3,225</u>
Minority interests	<u>(50)</u>
Net income	<u>3,598</u>

Consolidated quarterly statements of cash flows

(Unit : Millions of yen)

1Q / FY2008

Apr '08 - Jun '08

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	6,772
Depreciation and amortization	21,659
Amortization of goodwill	425
Increase (decrease) in allowance for doubtful accounts	222
Increase (decrease) in provision for retirement benefits	118
Interest and dividends income	(2,845)
Interest expenses	2,812
Foreign exchange losses (gains)	1,239
Equity in (earnings) losses of affiliates	(1,534)
Loss (gain) on sales of investment securities	(440)
Loss (gain) on valuation of investment securities	272
Loss on retirement of noncurrent assets	719
Decrease (increase) in notes and accounts receivable-trade	(7,662)
Decrease (increase) in inventories	(9,066)
Increase (decrease) in notes and accounts payable-trade	2,795
Other	(5,446)
Subtotal	<u>10,041</u>
Interest and dividends income received	3,088
Interest expenses paid	(2,818)
Income taxes paid	(9,316)
Net cash provided by (used in) operating activities	<u>995</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment and intangible assets	(24,713)
Proceeds from sales of property, plant and equipment and intangible assets	1,633
Purchase of investment securities	(796)
Proceeds from sales of investment securities	3,618
Payments of loans receivable	(1,330)
Collection of loans receivable	1,683
Other	(8,837)
Net cash provided by (used in) investment activities	<u>(28,742)</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(502)
Increase (decrease) in commercial papers	27,000
Proceeds from long-term loans payable	2,628
Repayment of long-term loans payable	(2,079)
Purchase of treasury stock	(57)
Cash dividends paid	(5,943)
Other	(17)
Net cash provided by (used in) financing activities	<u>21,028</u>
Effect of exchange rate change on cash and cash equivalents	<u>(5,875)</u>
Net increase (decrease) in cash and cash equivalents	<u>(12,593)</u>
Cash and cash equivalents at beginning of period	71,348
Increase in cash and cash equivalents from newly consolidated subsidiary	487
Cash and cash equivalents at end of period	<u>59,241</u>