

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

Oji Paper Co., LTD.

(Code No. 3861 Tokyo and Osaka Stock Exchange)

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

1. Results for the First Half of the Year Ending March 31, 2009 (April 1, 2008 - September 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 Half of FY2008	676,272	—	18,453	—	15,478	—	4,378	—
First Half of FY2007	642,051	3.2	15,742	(42.4)	14,219	(47.6)	992	(82.8)

	Net income per share	Diluted net income per share
	Yen	Yen
First Half of FY2008	4.43	4.42
First Half of FY2007	1.00	1.00

(2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
First Half of FY2008	1,795,869	493,129	26.6	483.29
Year ended March 2008	1,781,512	510,490	27.8	500.39

Note: Shareholders' equity 1st half of FY2008 477,908 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	—	6.00	—	—	—
FY2008 (Forecast)	—	—	—	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 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
Yearly	1,385,000	5.1	50,500	19.9	45,000	18.2	21,500	82.7	21.74

Note : Change in consolidated forecasts ... Yes

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)

1st half of FY2008	1,064,381,817	FY2007	1,064,381,817
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② Outstanding balance of treasury stocks at the end of each period

1st half of FY2008	75,509,642	FY2007	75,195,696
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③ Weighted average number of stocks during the six months ended September 30 of each year

1st half of FY2008	989,064,689	1st half of FY2007	988,636,433
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Qualitative Information Concerning Business Performance

(1) Overview of the first half of FY2008

During the first half of FY2008, Japanese economy was sluggish affected by slowdown of US economy, weak export due to the strong yen 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 half (April 1, 2008 - September 30, 2008) were as follows.

Consolidated net sales:	¥676,272 million (5.3% increase)
Consolidated operating income:	¥18,453 million (17.2% increase)
Consolidated ordinary income:	¥15,478 million (8.9% increase)
Consolidated net income:	¥4,378 million (341.1% increase)

(2) Segment Overview

Pulp and Paper Products Division

•General Papers

Domestic sales of newsprint decreased mainly due to less advertisement, while export sales increased.

Price increased as the result of price reconstruction in the domestic market which was taken place in April of 2008.

In the printing paper category, sales of light-coated and non-coated paper slightly increased. Sales of coated paper was sluggish because of customers' shift to other grades after price reconstruction and less copies of catalogs and flyers.

Price increased both by the reconstruction taken place in July of 2007 and by the additional reconstruction in June of 2008.

•Packaging Papers

Sales of packaging papers slightly increased in domestic and remained static for export.

Price remained at the level of the one reconstructed in January of 2008.

•Sanitary Papers and Miscellaneous Papers

Sales of miscellaneous papers decreased both in domestic and for export, partly because of price reconstruction.

Price increased by the penetration of reconstructions mainly in the domestic market.

In sanitary paper products, sales of tissue remained static while those of toilet rolls slightly decreased. Price increased both by the reconstruction which started to penetrate gradually since October of 2007 and by the additional reconstruction in June of 2008.

•Paperboards

Though the nation-wide demand was weak, sales of containerboards remained static due to the rush purchase prior to the price reconstruction in October of 2008. Price reconstructions taken place in September of 2007 fully penetrated into the market.

Domestic sales of paperboards increased, including switchover demand from other companies which withdrew from the category. Export sales of high-grade paperboards recorded healthy mainly for Asia. Price increased due to reconstructions both of paperboards taken place in October in 2007 and of high-grade paperboards in June of 2008 respectively.

The results for this segment were as follows.

Consolidated net sales:	¥373,077 million (7.2% increase)
Consolidated operating income:	¥5,223 million (2.4% decrease)

Converted Paper Products

•Corrugated Containers (Corrugated Sheets and Boxes)

Price reconstructions taken place in July of 2007 penetrated to a certain amount, which helped our earning power. Sales of corrugated sheets and boxes decreased due to price reconstructions and nation-wide demand weakness.

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

Sales of thermal papers were in good condition in the domestic market, while export declined due to the strong yen. Prices of thermal papers increased both in domestic and for export.

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:	¥239,650 million (4.2% increase)
Consolidated operating income:	¥8,000 million (51.6% increase)

Wood and Tree Planting

Both sales and operating income declined due to increased fuel cost and less sales of lumber by the the low-toned domestic house construction over long period of time. The results for this segment were as follows.

Consolidated net sales:	¥20,487 million (13.8% decrease)
Consolidated operating income:	¥1,206 million (19.9% decrease)

Other Activities

The results for this segment were as follows.

Consolidated net sales:	¥43,056 million (6.8% increase)
Consolidated operating income:	¥4,023 million (11.6% increase)

Consolidated balance sheets

(Unit : Millions of yen)

	1st half / FY2008 Sep 30,2008	FY2007 Mar 31,2008
Assets		
Current assets		
Cash and deposits	72,898	81,201
Notes and accounts receivable-trade	304,973	296,225
Short-term investment securities	0	0
Merchandise and finished goods	97,122	89,913
Work in process	26,635	18,946
Raw materials and supplies	58,838	50,225
Other	33,480	39,777
Allowance for doubtful accounts	(1,457)	(1,354)
Total current assets	<u>592,492</u>	<u>574,936</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	202,519	204,249
Machinery, equipment and vehicles	355,562	372,862
Land	227,576	226,617
Other	139,017	111,611
Total property, plant and equipment	<u>924,676</u>	<u>915,341</u>
Intangible assets		
Goodwill	10,539	11,391
Other	12,425	23,394
Total intangible assets	<u>22,965</u>	<u>34,785</u>
Investments and other assets		
Investment securities	201,705	212,061
Other	57,075	47,828
Allowance for doubtful accounts	(3,046)	(3,441)
Total investments and other assets	<u>255,734</u>	<u>256,448</u>
Total noncurrent assets	<u>1,203,376</u>	<u>1,206,575</u>
Total assets	<u>1,795,869</u>	<u>1,781,512</u>

(Unit : Millions of yen)

	1st half / FY2008	FY2007
	Sep 30,2008	Mar 31,2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	238,796	223,634
Short-term loans payable	269,691	262,025
Commercial papers	190,000	165,000
Income taxes payable	5,356	9,646
Provision	1,361	1,653
Other	74,133	77,536
Total current liabilities	<u>779,339</u>	<u>739,496</u>
Noncurrent liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	317,736	324,635
Provision		
Provision for retirement benefits	51,459	50,726
Provision for directors' retirement benefits	1,574	1,769
Provision for environmental measures	1,741	1,800
Provision for special repairs	141	111
Total provisions	<u>54,917</u>	<u>54,408</u>
Other	<u>50,746</u>	<u>52,481</u>
Total noncurrent liabilities	<u>523,400</u>	<u>531,525</u>
Total liabilities	<u>1,302,740</u>	<u>1,271,021</u>
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	113,048	113,051
Retained earnings	277,194	281,470
Treasury stock	(42,807)	(42,646)
Total shareholders' equity	<u>451,316</u>	<u>455,756</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	24,262	27,259
Deferred gains or losses on hedges	(515)	446
Revaluation reserve for land	3,879	3,882
Foreign currency translation adjustment	(1,034)	7,628
Total valuation and translation adjustments	<u>26,591</u>	<u>39,217</u>
Subscription rights to shares	150	115
Minority interests	15,069	15,401
Total net assets	<u>493,129</u>	<u>510,490</u>
Total liabilities and net assets	<u>1,795,869</u>	<u>1,781,512</u>

Consolidated statements of income

(Unit : Millions of yen)

1st half / FY2008

Apr '08 - Sep '08

Net sales	676,272
Cost of sales	542,404
Gross profit	<u>133,868</u>
Selling, general and administrative expenses	
Freightage related expenses	63,181
Other	52,233
Total selling, general and administrative expenses	<u>115,414</u>
Operating income	<u>18,453</u>
Non-operating income	
Interest income	1,410
Dividends income	2,472
Equity in earnings of affiliates	1,680
Other	2,325
Total non-operating income	<u>7,889</u>
Non-operating expenses	
Interest expenses	5,317
Foreign exchange losses	3,035
Other	2,511
Total non-operating expenses	<u>10,864</u>
Ordinary income	<u>15,478</u>
Extraordinary income	
Gain on sales of noncurrent assets	736
Gain on sales of investment securities	608
Total extraordinary income	<u>1,344</u>
Extraordinary loss	
Loss on retirement of noncurrent assets	1,863
Special retirement expenses	1,629
Loss on valuation of inventories	1,172
Loss on valuation of investment securities	856
Loss on litigation	602
Restructuring expenses	501
Other	443
Total extraordinary losses	<u>7,067</u>
Income before income taxes and minority interests	<u>9,755</u>
Income taxes-current	4,845
Income taxes-deferred	575
Total income taxes	<u>5,420</u>
Minority interests in loss	<u>(43)</u>
Net income	<u>4,378</u>

Consolidated statements of cash flows

(Unit : Millions of yen)

1st half / FY2008

Apr '08 - Sep '08

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	9,755
Depreciation and amortization	43,605
Impairment loss	254
Amortization of goodwill	851
Increase (decrease) in allowance for doubtful accounts	(362)
Increase (decrease) in provision for retirement benefits	(1,394)
Interest and dividends income	(3,882)
Interest expenses	5,317
Foreign exchange losses (gains)	2,851
Equity in (earnings) losses of affiliates	(1,680)
Loss (gain) on sales of investment securities	(608)
Loss (gain) on valuation of investment securities	856
Loss on retirement of noncurrent assets	1,863
Loss (gain) on sales of noncurrent assets	(736)
Restructuring expenses	501
Decrease (increase) in notes and accounts receivable-trade	(7,606)
Decrease (increase) in inventories	(23,487)
Increase (decrease) in notes and accounts payable-trade	14,251
Other	(1,502)
Subtotal	<u>38,846</u>
Interest and dividends income received	4,254
Interest expenses paid	(5,172)
Income taxes paid	(9,182)
Net cash provided by (used in) operating activities	<u>28,744</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment and intangible assets	(58,565)
Proceeds from sales of property, plant and equipment and intangible assets	2,213
Purchase of investment securities	(1,857)
Proceeds from sales of investment securities	3,819
Payments of loans receivable	(2,599)
Collection of loans receivable	2,672
Other	866
Net cash provided by (used in) investment activities	<u>(53,451)</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(656)
Increase (decrease) in commercial papers	25,000
Proceeds from long-term loans payable	14,747
Repayment of long-term loans payable	(13,049)
Purchase of treasury stock	(199)
Cash dividends paid	(5,943)
Other	28
Net cash provided by (used in) financing activities	<u>19,926</u>
Effect of exchange rate change on cash and cash equivalents	<u>(3,278)</u>
Net increase (decrease) in cash and cash equivalents	<u>(8,058)</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>63,777</u>